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ABSTRACT

Designed to increase public awareness of military spending, this 5-part guide examines the process and problems of preparing the national defense budget. The publication begins with a brief overview of the 1984 defense budget. Major military programs, trends in budgeting, and key concerns in budget formulation are explored. Graphs and charts clarify budget appropriations. Section 2 presents seven steps in the ideal budgeting process: defense guidance, service budget requests, the secretary's budget request, the president's budget request, the congressional defense budget ceiling, defense authorization, and defense appropriation. Sections 3 and 4 focus on problems that originate with the executive branch of government and the Congress. Some of the issues are weaknesses in the structure of the Joint Chiefs of Staff, interservice rivalry, overemphasis on weapons, pork barrel legislation, lobbying pressures from the defense industry and defense department, and presidential and congressional oversight. The final section outlines a program of defense budget reform that includes setting more realistic goals, improving cost estimating, reforming the Joint Chiefs of Staff, and strengthening Congressional review. Appendices contain a list of key sources for defense budget research, members of key congressional committees, and a 2-page bibliography. (LP)

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DEFENSE DOLLARS AND SENSE

A Common Cause Guide to the Defense Budget Process

SO 015 625

M A R K R O V N E R

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Introduction

In May 1982, newspapers reported new Pentagon contingency plans to be able to fight and win a "protracted nuclear war." According to those accounts, largely confirmed by the Reagan Administration, Secretary of Defense Caspar Weinberger wanted the military to be prepared for a nuclear war that might last weeks, or even months.

Public response was immediate and overwhelmingly critical. In a July article in *The New York Review of Books*, Theodore Draper condemned the plans as "so grotesque and mindless that it is inconceivable that the American people will not rebel against it and make Congress refuse to accept it."

Draper might be wrong. The American people may have no choice but to accept it.

Weinberger's plan for protracted nuclear war is now scattered among the thousands of items that comprise the defense budget, the hundreds of billions of dollars that annually go to pay for the weapons, supplies, and salaries that support the American military. It is through the defense budget that the Department of Defense (DoD) converts most of its plans into reality, and typically it is through the defense budget that Congress gives any consideration to military policy.

To compel the abandonment of a plan such as protracted nuclear war, Congress would probably have to make dozens of wide-reaching changes in the military budget. Yet the average person—indeed, the average Member of Congress—is hard put to understand or affect many aspects of the defense budget, or the process by which it is made.

Increasingly, the defense budget expresses important policy judgments. As recent debate over the MX missile has made clear, mere possession of certain weapons can have vital international and strategic implications. In the case of the MX, the decision whether to add production funds to the budget has unquestionable international significance. The main forum for deciding whether we should have an MX missile, an Aegis cruiser, or any other weapon is the lengthy process by which the Defense Department, the President, and the Congress assemble and review the military budget.

While the contents of the defense budget raise important policy issues, so does its sheer size. What is the effect of defense spending on the domestic economy? Does the defense buildup mean less money for social programs? How much are the Soviets spending for defense? Controversy surrounds each question. As with its contents, the defense budget's overall size is the product of the same process.

Because the implications of how much we spend on defense and what goes into the defense budget are potentially so grave and far-reaching, the

public has every right—and perhaps an obligation—to participate in the defense budget-making process. The problem, however, is that the defense budget process is plagued by deeply entrenched institutional and political weaknesses. As a result, the defense budget may be nearly immune to public participation and may reflect poorly our stated national security needs.

A 1983 report on the Defense Department by the Heritage Foundation, a conservative think tank, concluded that present budgetary "structures and practices now soak up even sizable funding increases with negligible results." Former Chairman of the Joint Chiefs of Staff David Jones recently said that "the result of this tedious [defense budget] process is a defense budget that is derived primarily from the disparate desires of the individual services rather than from a well-integrated plan based on a serious examination of alternatives."

General Jones' observations reflect a growing wave of concern expressed by defense officials and others that those responsible for preparing and reviewing the defense budget have lost control of it. Consider the following:

- Interservice rivalry is so fierce that it often distorts service priorities. Some observers have suggested, only half-jokingly, that the Air Force's ardent support for the MX missile stems in part from the fact that it is too large to fit in a Navy submarine, thus guaranteeing that it will remain an Air Force weapon. The duplication and waste that result from interservice politics may cost tens of billions of dollars each year.
- Service parochialism has led to the paralysis of the Joint Chiefs of Staff, upon whose budgetary and strategic judgments the President and civilian Defense Department officials depend. Former Defense Secretary Harold Brown testified before Congress in 1982 that, in his view, the Joint Chiefs' advice was "almost without exception not very useful or the reverse of being helpful. That is, worse than nothing."
- Estimates by the Defense Department of the costs of weapons systems are frequently so inaccurate that Congress and the Pentagon often engage in short term "quick fixes" that lead to cost overruns and other long term difficulties. A Pentagon task force composed of defense contractors and DoD officials concluded in 1978 that "the problem is to overcome gross underestimates which have been commonplace for decades."
- Congress reviews the defense budget in such a fragmented and disjointed way that General Maxwell Taylor, former Chairman of the Joint Chiefs, believes "there is no way for Congress to know whether the budget is adequate, excessive, or insufficient."
- Congress often focuses on defense projects mainly as a source of revenue for home districts or states. Many observers believe it is no coincidence that the controversial B-1 bomber has subcontractors in 48 states.

Distortions occur at each step of the defense budget process. As a result, it is never quite clear whether what we buy jibes in any meaningful way with stated U.S. military and foreign policy goals. Nor is it ever clear whether the size of the defense budget reflects to an adequate extent a thoughtful balancing of domestic and foreign policy needs and priorities.

However one feels about President Reagan's defense buildup or Secretary Weinberger's strategy, nobody wins when the defense budget process leads to unaccountable spending choices and the expenditure of enormous sums of money without tangible gain. The person who favors the MX and Trident II missiles has the same stake in seeing the process work as does the one who favors an immediate nuclear freeze.

Common Cause has prepared this guide as part of an effort to increase public awareness of military spending. By informing citizens how the defense budget is put together and what some of the problems are with the process, Common Cause hopes to help set the stage for implementation of reforms needed to restore control over and accountability for military spending choices.

The guide begins with a brief overview of the defense budget itself. Where does all the money go? Are we spending as much on defense as we used to? Following that, the guide presents the defense budget process as it is *supposed* to unfold. In theory, the process looks like codified common sense. The remainder of the guide discusses ways in which reality often strays far from the official version. Problems plague the two-year process from the early planning by the Defense Department to final review by the Congress. Finally, the concluding chapter describes a possible agenda for reform.

While the defense budget process clearly needs improvement, it also has strengths that merit respect. Planning and managing resources for the entire U.S. defense establishment is an enormous task on a scale that dwarfs even the largest private businesses. Considering what is involved, the Defense Department already discharges that responsibility well. Former Defense Secretary Harold Brown has written that whatever its failures, "the Department of Defense is nevertheless the most efficient and best managed—even in business terms—of all major departments and agencies of the U.S. government."

Harold Brown also acknowledges, however, that being the best managed federal agency is not good enough: "[W]asteful or misguided domestic policies can damage the country; but mistakes in defense and foreign policy can kill us all." It is a measure both of the dangers of the world we live in, and of our high expectations for public institutions that we ask defense budget-makers to do a better job than they have.

Common Cause seeks a defense budget that faithfully and reasonably carries out clearly articulated and openly debated military objectives. We offer this guide in an effort to foster the broadest possible participation in that undertaking.

I. The Defense Budget—A Brief Overview

To understand how defense budget decisions are made and what goes wrong, one must first understand some basic aspects of the defense budget itself. What does the Pentagon buy with all that money? How large a share of our nation's resources do we devote to defense? How has this changed over the years? Focusing on President Reagan's January 1983 budget request for the fiscal year 1984, the sections that follow put the defense budget into perspective.

DoD

The Fiscal 1984 Budget Request

For fiscal year 1984* President Reagan initially asked Congress for $280.5 billion in budget authority for national defense. The Department of Defense (DoD) would receive more than 97 percent of this figure, and the remainder would go to a number of agencies that administer defense-related programs.**

Where would these billions of dollars the President has requested go? There are at least three broad ways to divide the defense pie: by military mission, by appropriation account, and by military service.

Broken down into missions, the budget reveals which military tasks,

*_Fiscal year_ refers to the accounting period the federal government uses for budgetary purposes. A federal fiscal year runs from October 1 to the following September 30. For example, fiscal year 1984 will begin October 1, 1983.

**The other 3 percent goes for atomic reactors, bombs and warheads, built by the Department of Energy; civil defense, administered by the Federal Emergency Management Administration; and draft registration, administered by the Selective Service System.

Budget Authority and Budget Outlays

While the Defense Department asked for over $273 billion in budget authority in fiscal year 1984, it only "planned" to spend part of the total during that period. The distinction between how much the Pentagon receives and how much it spends is a frequent source of confusion for newcomers to budget issues.

Simply put, *budget authority* represents the total amount that Congress makes available to an agency in a given year, and *outlays* is the amount that the agency actually spends. The difference is analogous to a checking account: if someone puts a thousand dollars in your account, that's your budget authority; if you write four checks totalling $750, those are your outlays. Members of Congress tend to concentrate more on outlays, because the federal deficit is a function of checks that the agencies have written, not how much is in their bank accounts.

DoD never converts all of its budget authority into outlays the year it receives it. Weapons often take a decade to develop and build, and Congress permits DoD to spend its budget authority over a number of years. For instance, DoD requested almost $7 billion in budget authority for fiscal 1984 to build B-1 bombers but actually plans to spend only about $700 million of it during that year. This means that, in any given year, DoD's outlays will come from a combination of new budget authority and budget authority it had received in prior years.

There is actually a third category that is unique to DoD called *total obligational authority* (TOA). This is a slight variant on budget authority and is virtually interchangeable with it. Most DoD publications give the defense budget in terms of TOA rather than budget authority.

The Fiscal 1984 Defense Budget Request

NATIONAL DEFENSE FUNCTION (050):	(billions of nominal $) Budget Authority	Estimated Outlays
DEPARTMENT OF DEFENSE—MILITARY	273.4	238.6
DEPARTMENT OF ENERGY—ATOMIC WEAPONS	6.8	6.4
DEFENSE-RELATED ACTIVITIES	.3	.3
Real Increase over fiscal 1983[1]:		10.2 percent
Outlays as a Share of GNP:		7.0 percent
Outlays as a Share of Federal Budget:		28.9 percent

[1] "Real" means that figures are adjusted for inflation.
Sources: FY 84 Budget; House Budget Committee

such as strategic war fighting, receive highest budgetary priority. Dividing the budget by account shows the allocation of resources among the various "building blocks" of defense capability. Building blocks include salaries for troops and research for new weapons. A breakdown of the budget by military service, that is, Army, Navy, and Air Force, helps shed light on bureaucratic tensions among the organizational components of the defense establishment. It is worthwhile to examine all three approaches.

The Defense Budget by Mission Program

Following is the fiscal 1984 Defense Department budget request divided by what DoD calls "programs." These 10 categories describe the principal military missions and support functions that DoD must perform. The programs serve as the framework for all defense budget planning at the Pentagon.

Strategic Forces—Includes strategic nuclear weapons, along with assigned personnel and support. Strategic forces include land-based intercontinental ballistic missiles (ICBMs), long-range nuclear weapon carrying bombers, and submarines equipped with nuclear missiles. Also included here are applicable command and control facilities, such as guidance satellites for the ICBMs.

Fiscal 1984 Request (budget authority)	$23.2 billion
Fiscal 1983 Budget (budget authority)	$20.6 billion
% change, 1983-1984	36.9%
% real change (TOA)*	30.1%

General Purpose Forces—Consists of all conventional (i.e., non-nuclear) forces, tactical nuclear forces, assigned personnel and support operations. Most of our military forces fall into this category, which encompasses everything from tanks to attack submarines to neutron bombs.

Fiscal 1984 Request (budget authority)	$109.7 billion
Fiscal 1983 Budget (budget authority)	$100.8 billion
% change, 1983-1984	8.8%
% real change	4.4%

Intelligence and Communications—Includes centralized DoD command, control, communication, and intelligence functions, along with specialized roles not attributable to strategic or general purpose forces.

Fiscal 1984 Request (budget authority)	$20.8 billion
Fiscal 1983 Budget (budget authority)	$17.1 billion
% change, 1983-1984	21.6%
% real change	17.5%

*"Real" means excluding inflation. Real changes for this section are based on total obligational authority.

Airlift/Sealift—Includes all transportation operations for troops and supplies.

Fiscal 1984 Request (budget authority)	$5.2 billion
Fiscal 1983 Budget (budget authority)	$4.2 billion
% change, 1983-1984	23.8%
% real change	20.9%

Guard and Reserve Forces—Consists of the National Guard and Armed Service Reserves.

Fiscal 1984 Request (budget authority)	$11.6 billion
Fiscal 1983 Budget (budget authority)	$11.4 billion
% change, 1983-1984	1.8%
% real change	0.0%

Research and Development—Includes research, development, testing, and evaluation activities leading up to deployment of new weapons, or research that is not directly attributable to specific weapons. A good deal of research contributes to what DoD calls the "technology base," that is, the general store of hardware and technical knowledge from which future weapons may emerge.

Fiscal 1984 Request (budget authority)	$23.5 billion
Fiscal 1983 Budget (budget authority)	$18.7 billion
% change, 1983-1984	25.7%
% real change	20.5%

Central Supply and Maintenance—Includes support operations not integrally tied to strategic or general purpose forces.

Fiscal 1984 Request (budget authority)	$23.4 billion
Fiscal 1983 Budget (budget authority)	$20.2 billion
% change, 1983-1984	15.8%
% real change	9.5%

Training, Medical, and Other General Personnel Activities—Self-explanatory, but excludes activities directly tied to other programs.

Fiscal 1984 Request (budget authority)	$45.6 billion
Fiscal 1983 Budget (budget authority)	$42.5 billion
% change, 1983-1984	7.3%
% real change	5.1%

Administration and Associated Activities—Includes funds for major DoD administrative activities not attributable to specific program elements.

Fiscal 1984 Request (budget authority)	$4.8 billion
Fiscal 1983 Budget (budget authority)	$3.1 billion
% change, 1983-1984	54.8%
% real change	50.0%

Support to Other Nations—Consists of U.S. contribution to allied forces such as NATO.

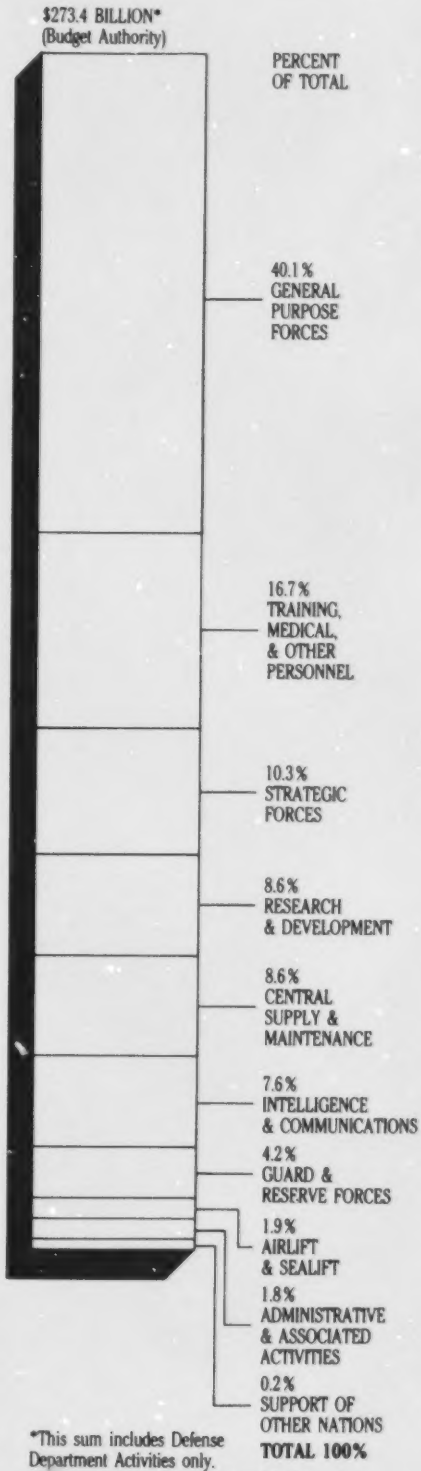
Fiscal 1984 Request (budget authority)	$0.7 billion
Fiscal 1983 Budget (budget authority)	$0.8 billion
% change, 1983-1984	−12.5%
% real change	−12.5%

The Defense Budget by Appropriation Account

Another way of dividing up the defense budget is to look at what DoD plans to buy with the money. Congress reviews and approves the defense budget broken down in terms of the building blocks of military capability. Broadly, these include personnel, weapons and other military hardware, and "logistics," that is, spare parts, maintenance, and the like. Following are the official appropriation account categories that DoD and Congress use:

Research, Development, Test and Evaluation (RDT&E)—Covers the development of new weapons from the idea stage up to the assembly-line production stage and sometimes beyond. (The phases of weapons develop-

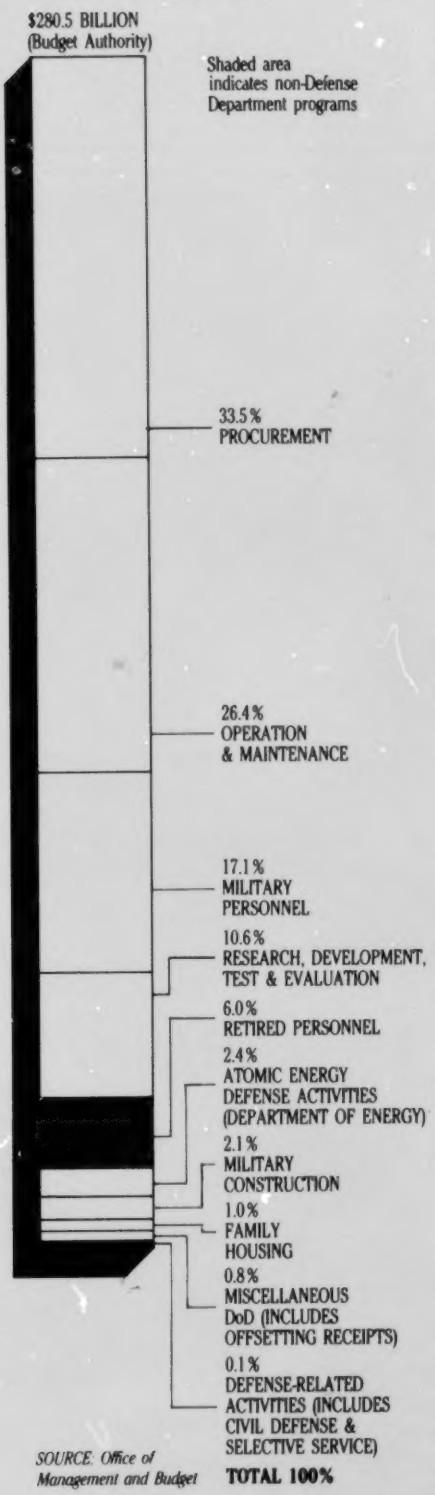
THE FISCAL 1984 DEFENSE BUDGET REQUEST BY MISSION PROGRAM



*This sum includes Defense Department Activities only.

SOURCE: Office of Management and Budget

THE FISCAL 1984 DEFENSE BUDGET REQUEST BY APPROPRIATIONS ACCOUNT


$280.5 BILLION
(Budget Authority)
Shaded area indicates non-Defense Department programs
33.5% PROCUREMENT
26.4% OPERATION & MAINTENANCE
17.1% MILITARY PERSONNEL
10.6% RESEARCH, DEVELOPMENT, TEST & EVALUATION
6.0% RETIRED PERSONNEL
2.4% ATOMIC ENERGY DEFENSE ACTIVITIES (DEPARTMENT OF ENERGY)
2.1% MILITARY CONSTRUCTION
1.0% FAMILY HOUSING
0.8% MISCELLANEOUS DoD (INCLUDES OFFSETTING RECEIPTS)
0.1% DEFENSE-RELATED ACTIVITIES (INCLUDES CIVIL DEFENSE & SELECTIVE SERVICE)
TOTAL 100%

SOURCE. Office of Management and Budget

ment often overlap.) It includes all of the theoretical, design, and experimental work that leads to the creation of a new weapon, a process that, for major programs, often lasts more than a decade.

Fiscal 1984 Request (budget authority)	$29.6 billion
Fiscal 1983 Budget (budget authority)	$22.8 billion
% change, 1983-1984	29.8%
% real change*	24.5%

Procurement—Covers the purchase of new weapons and hardware that have reached mass production. The Procurement account now absorbs the largest single share of budget authority.

Fiscal 1984 Request (budget authority)	$94.1 billion
Fiscal 1983 Budget (budget authority)	$80.3 billion
% change, 1983-1984	17.2%
% real change	8.9%

Military Construction—Covers the costs of building facilities to house and support troops and weapons systems. Budget planners refer to RDT&E, Procurement, and Military Construction as "investment" accounts, reflecting the fact that these activities support future military capabilities.

Fiscal 1984 Request (budget authority)	$5.8 billion
Fiscal 1983 Budget (budget authority)	$4.5 billion
% change, 1983-1984	28.9%
% real change	22.3%

Operation and Maintenance (O&M)—Covers the thousands of less visible yet important items that support military functions: fuel, spare parts, ammunition, maintenance, civilian staff, etc. O&M consumes the largest share of defense budget outlays.

Fiscal 1984 Request (budget authority)	$74.0 billion
Fiscal 1983 Budget (budget authority)	$66.3 billion
% change, 1983-1984	11.6%
% real change	8.6%

Personnel—Covers all military salaries, bonuses, and recruitment. Personnel and O&M are often called "readiness" accounts, as spending here has the most dramatic influence on near-term military capabilities.

Fiscal 1984 Request (budget authority)	$47.9 billion
Fiscal 1983 Budget (budget authority)	$45.5 billion
% change, 1983-1984	5.3%
% real change	4.7%

Retired Personnel—Covers the military pensions of retired personnel.

Fiscal 1984 Request (budget authority)	$16.8 billion
Fiscal 1983 Budget (budget authority)	$16.2 billion
% change, 1983-1984	3.7%
% real change	3.8%

Miscellaneous—DoD also has accounts to cover the costs of family housing, and other miscellaneous expenses. This category also includes DoD income from trust funds and other sources.

Fiscal 1984 Request (budget authority)	$5.1 billion
Fiscal 1983 Budget (budget authority)	$2.9 billion
% change, 1983-1984	75.8%
% real change	—

The Defense Budget by Military Service

DoD is an organization of organizations. The Department includes a broad array of smaller agencies that play specialized roles. Best known of these—and largest—are the military departments: the Army, the Navy (which includes the Marines), and the Air Force.

*Real changes in this section are based on budget authority.

The services are theoretically limited to recruiting, training, and equipping the armed forces. In times of war, military personnel report to unified commands, such as the Pacific Command or the European Command. Each unified command, while combining personnel from all three services, usually has a single lead service.

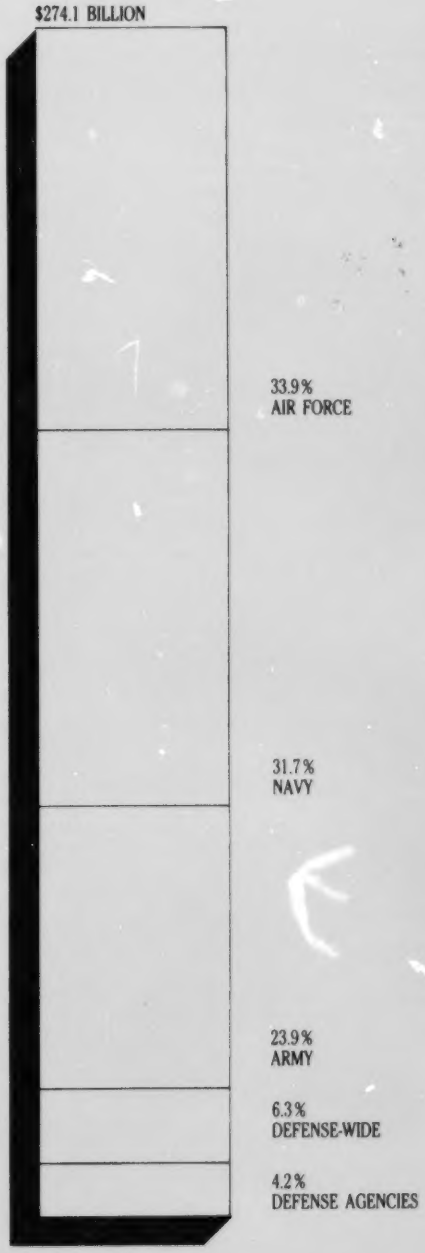
In peacetime, military conflict gives way to fiscal combat among the services, each of which is sensitive to changes either in the absolute size of its budget or, some say more important, in the share of the total that it is to receive. In recent years, the percent distribution of the defense budget among the services has been fairly stable.

The Defense Budget: Size and Trends

How big is our national commitment to the military, and how has this changed? By almost any measure, we have always devoted a significant portion of our national wealth to military programs. The relative level of that commitment, however, has varied.

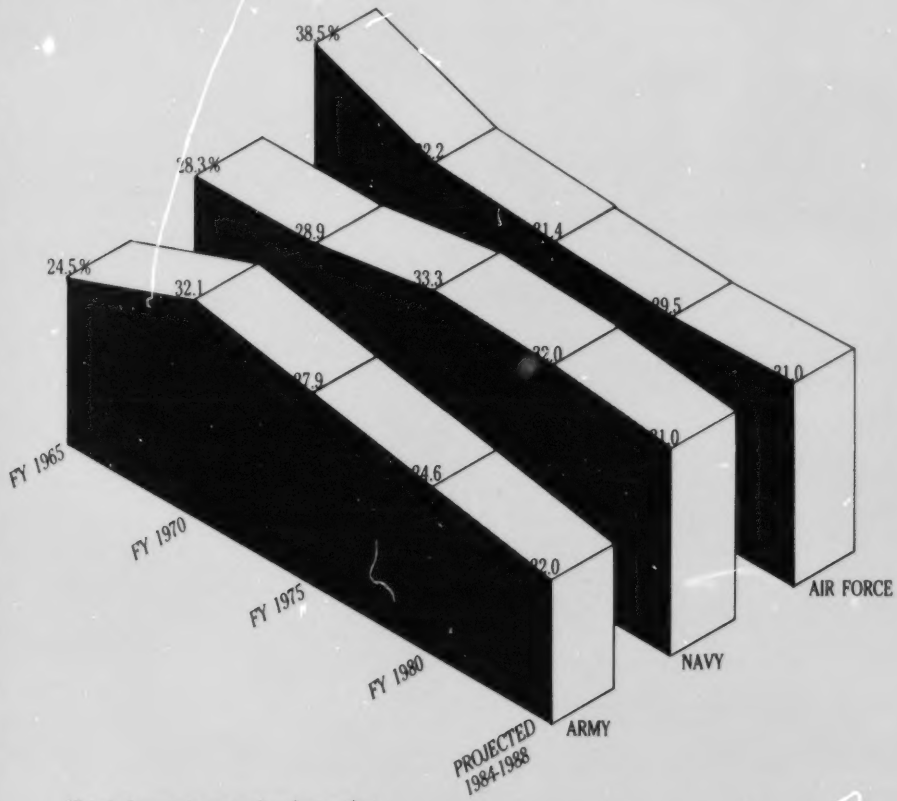
In fiscal 1984, the Defense Department budget accounts for 29 percent of President Reagan's annual federal budget request. This represents well over two-thirds of the federal government's actual consumption of

THE FISCAL 1984 DEFENSE BUDGET REQUEST BY MILITARY SERVICE



SOURCE: Defense Department

TRENDS IN MILITARY SERVICE SHARES OF THE DoD BUDGET



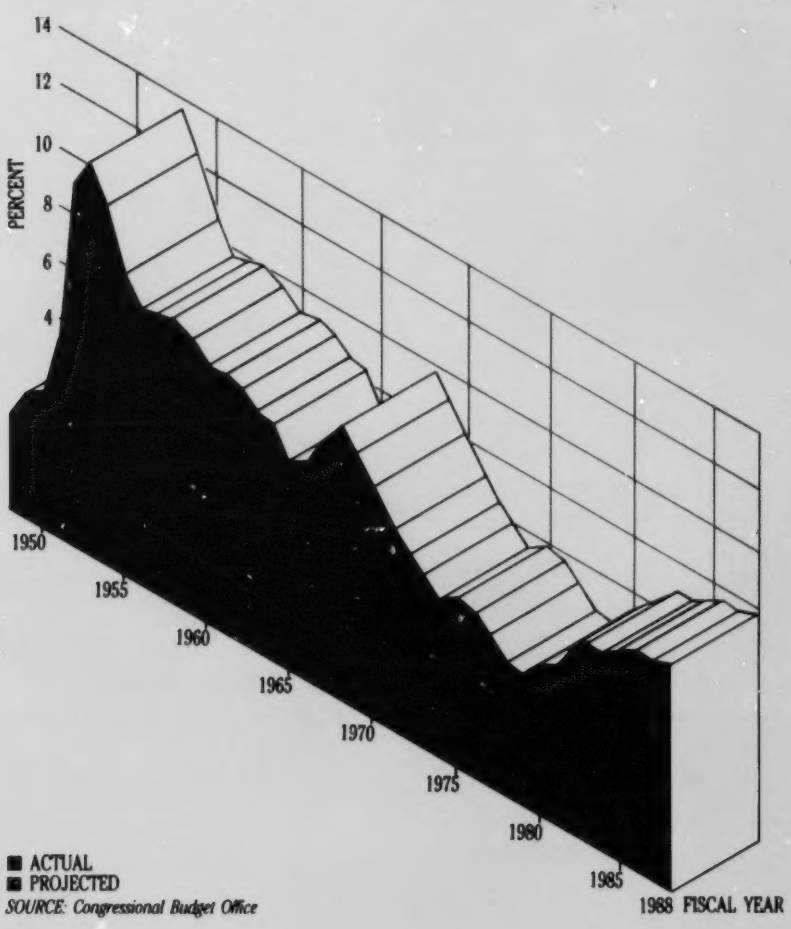
Historical percentages are based on outlays; projections are based on total obligational authority.
SOURCE: U.S. Statistical Abstract, ARMED FORCES JOURNAL

goods and services.* According to Administration estimates, defense spending in fiscal 1984 would absorb just over 6 percent of the U.S. Gross National Product (GNP). The GNP is a measure of the value of all of a nation's goods and services, that is, of its overall wealth.

It is difficult to examine historical defense spending patterns without thinking of roller coasters. Until recently, DoD had not experienced more than three consecutive years of real growth or decline since World War II.**

The following graphs plot defense spending both in absolute terms and as a percentage of gross national product (GNP). While both charts illustrate the fluctuations that have marked defense spending, they also reveal that, until recent sharp increases. defense spending has risen slightly

THE NATIONAL DEFENSE SHARE OF GNP 1950-1988

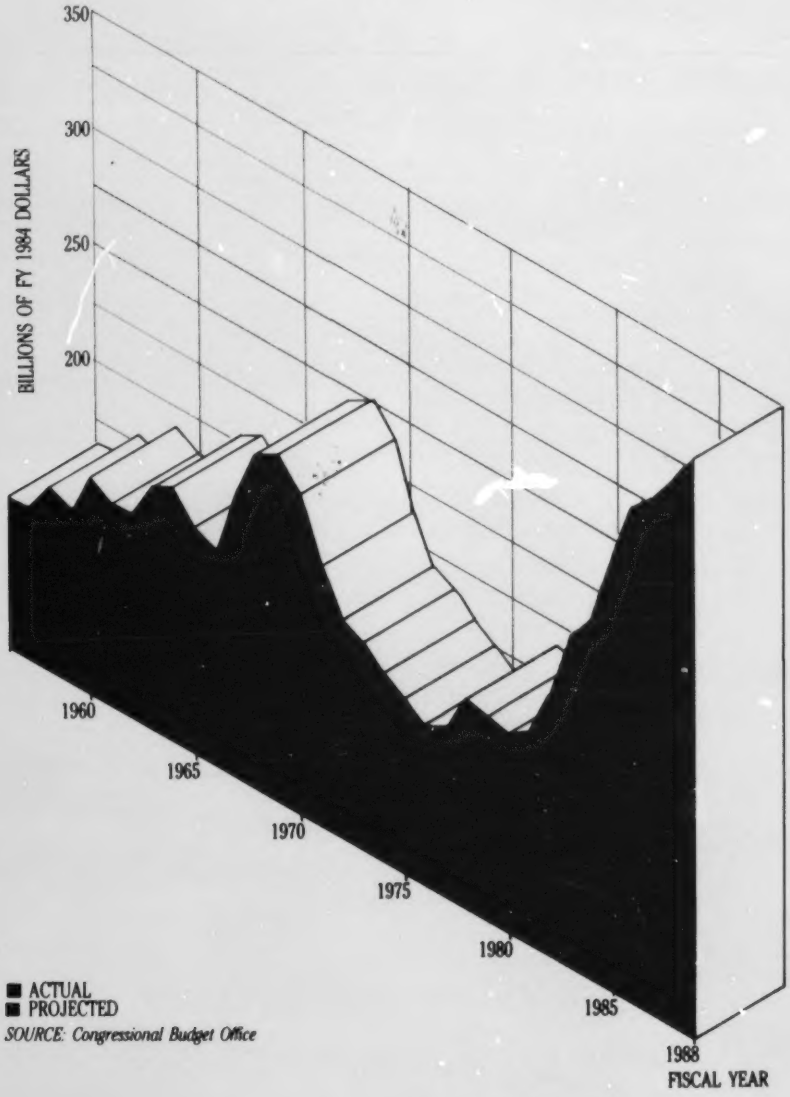


SOURCE: Congressional Budget Office

*The difference between the defense budget's share of the *total federal budget* and of *federal purchases* is accounted for by the fact that much of the federal budget is composed of transfer payments (for instance, revenue-sharing and welfare payments) and expenditures from self-contained trust funds (for instance, highway construction).

**Budget analysts often use inflation-adjusted real dollars—also called "constant dollars"—to measure changes in spending over time. This approach yields a more accurate picture of the magnitude of the change than using unadjusted figures.

REAL TRENDS IN BUDGET AUTHORITY
FOR THE DEFENSE DEPARTMENT 1955-1988



SOURCE: Congressional Budget Office

over the years, even controlling for inflation. Military spending as a share of GNP has, until recently, fallen over the past decade or so.

The Reagan Administration, building on plans made during the Carter Administration, has reversed the declining trend of military spending in relation to GNP. Administration plans call for real spending to rise sharply through fiscal year 1988, an average of about 7 percent annually.* The military share of GNP under these plans would grow from 5.3 percent of GNP in fiscal 1980 to about 8 percent in fiscal 1988. While Congress has

*The exact rate of growth projected by the Administration depends on the base year used and whether budget authority or outlays are measured.

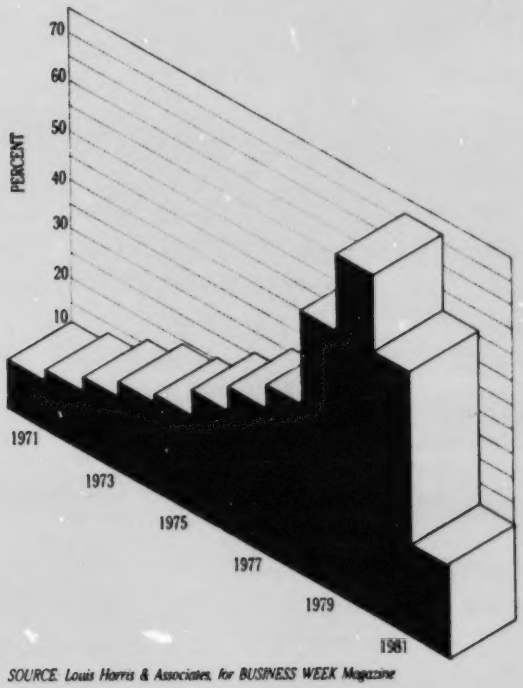
Defense Spending: Behind the Ups and Downs

A major contributor to rollercoaster defense spending is the inconsistency of public opinion on the issue. Since World War II, public views on America's military role have become increasingly divided. The disintegration of a broad consensus on U.S. defense policy has led to sharp swings in the public mood towards defense spending.

A poll conducted for *Business Week* magazine by Louis Harris and Associates illustrates the most recent manifestation of citizen fickleness towards the Defense Department. As the graph shows, support for military budget increases grew strongly into 1980—up to 71 percent of those polled—providing the basis for President Reagan's call for the present military buildup. After 1980, however, public support for defense hikes disappeared as quickly as it had come. In October 1982, the poll found only 17 percent of the Harris sample favored more military spending—the lowest level since 1971, the height of the Vietnam War. A March 1983 Harris follow-up poll showed a continued decline in support for defense budget increases—to 14 percent.

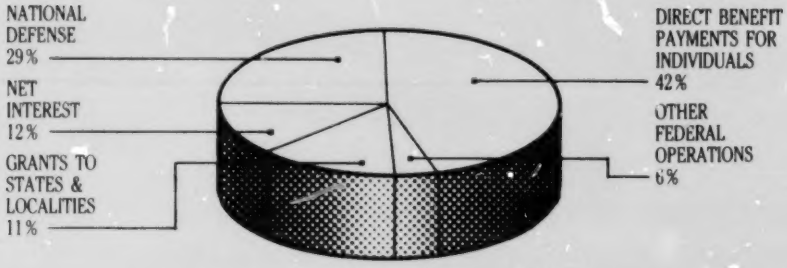
In the absence of consistent public sentiment, Members of Congress are finding it difficult to support large military increases, particularly in light of high deficits, the after-effects of a severe recession, and curtailed social spending. The present buildup is the longest-lasting since World War II, but pressures for retrenchment, stemming in part from the rapid withdrawal of public support, may herald the end of this spending surge.

THE UPS AND DOWNS OF PUBLIC SUPPORT FOR DEFENSE SPENDING INCREASES
PERCENT OF HARRIS POLL SAMPLE FAVORING INCREASES IN THE DEFENSE BUDGET



SOURCE: Louis Harris & Associates, for BUSINESS WEEK Magazine

THE FISCAL 1984 FEDERAL BUDGET REQUEST—PROJECTED OUTLAYS


NATIONAL DEFENSE 29%
NET INTEREST 12%
GRANTS TO STATES & LOCALITIES 11%
DIRECT BENEFIT PAYMENTS FOR INDIVIDUALS 42%
OTHER FEDERAL OPERATIONS 6%

SOURCE: Office of Management and Budget

slightly reduced the pace and magnitude of the buildup, real growth in defense spending is likely to continue for some years.

Assessing the Defense Budget: Key Questions

The massive size and vital implications of the defense budget place a significant burden on those who develop and review it. In evaluating whether the budget-makers have succeeded in responsibly shouldering that burden, one must ask some questions about the defense budget and the process by which it is made:

Do our spending choices reflect clearly articulated and publicly debated national security priorities? This is really two questions. First, have national security goals been openly articulated and debated? Few issues seem more suitable for public debate than the question of our willingness to go to war. Second, does the budget reflect U.S. military goals? The thousands of people who make defense budgets must constantly reconcile the public agenda with conflicting private or organizational demands. When these private demands win out, what we buy may not be what we need.

Do budget-makers set priorities and weigh alternatives? Some military problems are more pressing than others, and most have more than one potential solution. Since we cannot afford to pursue every option, budget planners must rigorously set priorities and weigh proposed programs against those priorities. A budget that is *not* the product of such an approach can serve our overall national interest only fortuitously, if at all.

Are spending choices made and carried out in a fiscally responsible manner? The decision to spend a dollar on defense means that dollar cannot be spent for some other purpose. Once goals are agreed upon, budget-makers should seek the least costly reasonable path to achieving these goals. That is not to say that defense spending choices should be—or could be—subject to some strict test for cost-efficiency. A military in peacetime is inherently inefficient, and prudence dictates that military planners hedge against a number of different threats to our security. At the same time, however, planners must recognize that we cannot afford to guard against every contingency and that some approaches to planning for our security are more economical than others. Equity, as well as logic, demands that military programs be constantly weighed against alternatives and other competing priorities.

The defense budget process is both the context within which the public must ask these questions and the vehicle for changing unsatisfactory responses. Citizens thus need to understand both how the process is supposed to work and how the process works in reality.

"What comes after trillion?"

Drawing by Richter; © 1981
The New Yorker Magazine, Inc.

The Reagan Military Buildup

Having campaigned on a promise to restore American military prowess, President Reagan embarked on a massive buildup of military strength. The seven-year price tag: almost two trillion dollars. It is now clear that Congress will slow both the pace and magnitude of the buildup. Nonetheless, significant increases are likely, especially in the so-called investment accounts.* As the chart below shows, steep increases in new hardware and construction programs easily outpace the overall 7.6 percent average annual increase between fiscal years 1982 and 1988. The average investment increase—12 percent.

The Reagan Buildup

(Budget Authority: Billions of fiscal 1983 Dollars)

	Total	Percentage Increase*	Investment	Percentage Increase
FY 82 (actual)	223.8	11.7	96.8	22.8
FY 83 (appropriated)	239.4	7.0	111.1	14.8
FY 84 (requested)	263.5	10.1	125.4	12.8
FY 85 (projected)	292.6	11.0	148.4	18.4
FY 86 (projected)	308.4	5.4	157.6	6.2
FY 87 (projected)	320.7	4.0	163.2	3.6
FY 88 (projected)	333.5	4.0	172.0	5.4
TOTALS	1,982.0	7.6 (avg.)	974.5	12.0 (avg.)

*Increase over previous year.
Source: Congressional Budget Office

Congress is likely to slow the buildup in light of record budget deficits and growing public opposition to the level of defense spending. The ability of Congress to restrain military spending, however, will be limited. Most new weapons are already far along in the procurement process, and cancelling them might be economically inefficient and politically difficult. Also, because weapons appropriations are actually spent over a number of years, the budgetary influence of past appropriations have not yet been felt. For instance, the Congressional Budget Office (CBO) estimates that 34 percent of DoD's fiscal 1983 outlays will come from prior appropriations. CBO has warned that, if Congress approves all of the Administration's requests, this proportion might rise to as high as 43 percent by fiscal 1988. This means that, increasingly, the level of defense outlays in any given year will be practically beyond the control of Congress.

*Investment includes Procurement; Research, Development, Test and Evaluation; Military Construction; and Family Housing.

Summary of Key Points

- In examining where defense budget dollars go, one can divide the budget three different ways: By mission program, by appropriations account, or by service.
- By almost any measure, we have devoted a significant proportion of our wealth to the military. Until recently, that proportion had fallen slightly over the past decade. Since World War II, defense spending has been erratic, until recently rising and falling on about a three-year cycle.
- The present military buildup urged by President Reagan and approved in large measure by Congress may boost the defense budget's share of the Gross National Product from 5.3 percent in fiscal 1980 to as high as 8 percent by fiscal 1988.
- To evaluate the defense budget, one must answer three questions: Do our military spending choices reflect publicly articulated and openly debated national security priorities? Do budget-makers set priorities and weigh alternatives? Are budget choices made and carried out in a fiscally responsible manner?

II. The Defense Budget Process

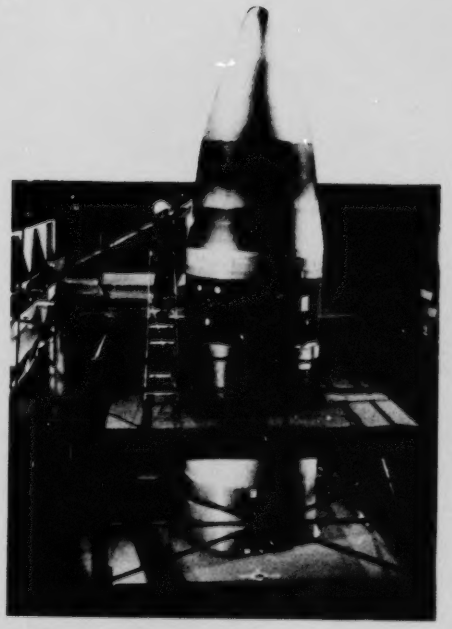
When President Reagan unveiled his proposed fiscal 1984 defense budget on January 31, 1983, that budget had been in development for 16 months, and Congress had yet to consider it. From start to finish, it takes over two years to make each year-long defense budget and involves hundreds of players with many different interests and perspectives.

Because virtually all major DoD initiatives cost money, the defense budget process is the principal framework for making DoD policy. The Pentagon's official planning document, the Five Year Defense Plan (FYDP), is essentially five annual defense budgets strung together.

The defense budget is assembled and reviewed in two broad phases, an Executive Branch phase and a Congressional phase. During the Executive Branch phase, the President, the Pentagon and others prepare initial spending plans. The central feature of defense budget making in the executive branch is DoD's Planning, Programming, and Budgeting System (PPBS). Introduced by then-Defense Secretary Robert McNamara during the Kennedy Administration, PPBS has evolved into the principal means by which the divergent and far-flung interests of various factions within the Department are reconciled.

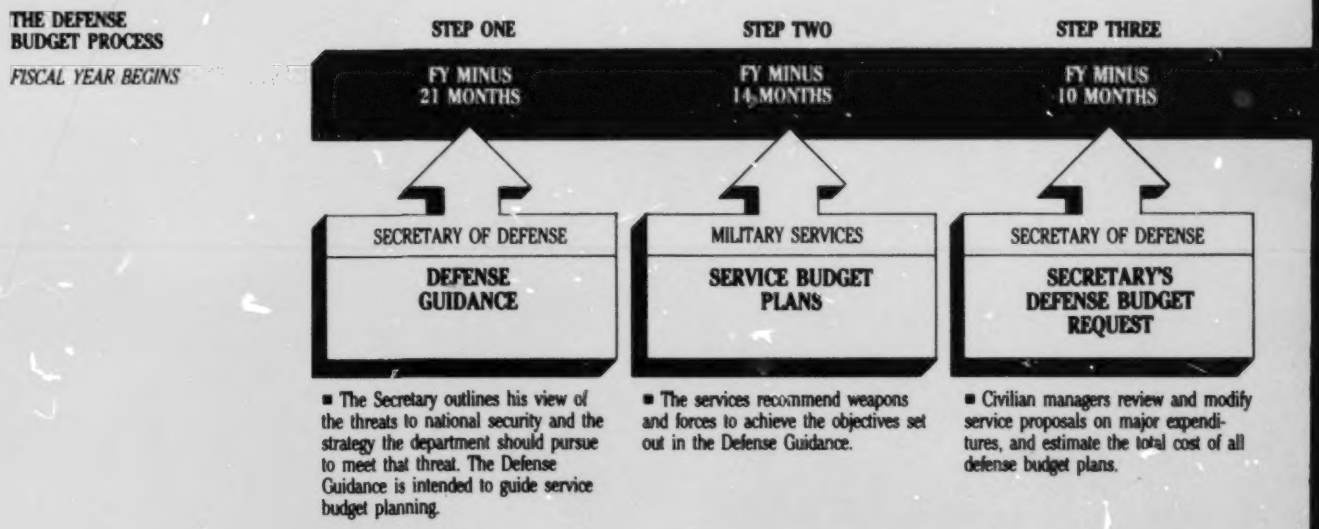
During the Congressional phase, various committees subject those plans to legislative scrutiny. Once the defense budget reaches Congress, the primary framework for its enactment is the Congressional budget process, which is supposed to integrate all federal budget decisions into a coherent whole. A 1974 reform law established a system for annually choosing budget totals and set out a timetable for deciding how those sums would be spent. That system has worked differently almost every year.

The remainder of this chapter traces the defense budget process



MX Missile.

Facing page,
Caspar Weinberger
Secretary of Defense.


THE DEFENSE BUDGET PROCESS
FISCAL YEAR BEGINS
STEP ONE
FY MINUS 21 MONTHS
STEP TWO
FY MINUS 14 MONTHS
STEP THREE
FY MINUS 10 MONTHS
SECRETARY OF DEFENSE
DEFENSE GUIDANCE
MILITARY SERVICES
SERVICE BUDGET PLANS
SECRETARY OF DEFENSE
SECRETARY'S DEFENSE BUDGET REQUEST
■ The Secretary outlines his view of the threats to national security and the strategy the department should pursue to meet that threat. The Defense Guidance is intended to guide service budget planning.
■ The services recommend weapons and forces to achieve the objectives set out in the Defense Guidance.
■ Civilian managers review and modify service proposals on major expenditures, and estimate the total cost of all defense budget plans.

through seven steps, from DoD's first efforts to prepare its spending plans through final Congressional approval. The dates given for each step show the dates when key decisions for the fiscal 1984 budget *should have been made* according to law or official practice. In reality, however, budget decisionmakers often miss their deadlines. Delays are especially frequent during the Congressional phase.

Key Players in Defense Guidance

Secretary of Defense—Caspar Weinberger
The Office of the Secretary of Defense
The Chairman of the Joint Chiefs of Staff—Gen. John W. Vessey, Jr.
The Joint Chiefs of Staff:
Gen. John A. Wickham, Jr. (Army)
Adm. James D. Watkins (Navy)
Gen. Charles A. Gabriel (Air Force)
Gen. P.X. Kelley (Marines)

Step One: Defense Guidance

OFFICIAL TIMETABLE: AUGUST '81–JANUARY '82

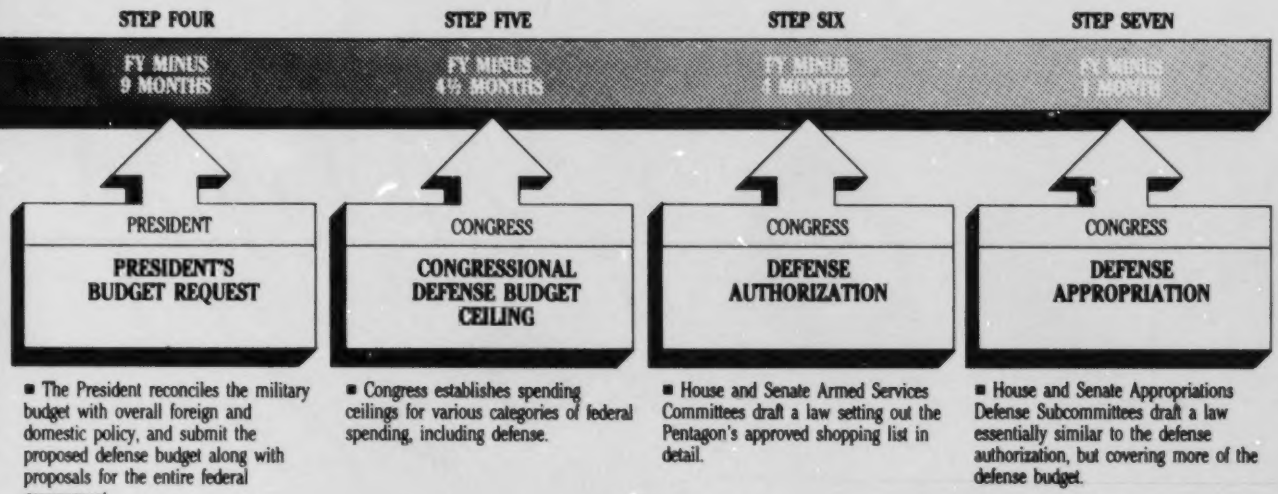
On paper, the Defense Department's budget process resembles codified common sense. The PPBS process moves in a rational and orderly sequence: What are the problems the military must address? How can the military solve them? What resources are necessary to implement the solutions? Defining the problem—in this case, ascertaining the threat to U.S. national security—and developing a strategy for solving the problem together form the critical foundation upon which the military budget is built. Preparing that foundation is the goal of Step One, which corresponds to DoD's *Planning* phase—the first "P" in PPBS.

What are the threats to U.S. national security? Are we equipped to meet those threats now? If not, what must we do to reduce the risk of war or political coercion? The Secretary of Defense answers these questions in the context of drafting the annual Defense Guidance (DG).

The Defense Guidance is the Secretary's official statement setting forth his perceptions of the military threat to U.S. vital interests, and the strategy that DoD should pursue to deal with that threat. Due every January, the DG tells each military service what goals it should pursue over the coming five years and how much money it should plan to spend. While the Defense Guidance covers a five-year span, it has by far its greatest influence on service budget plans in the first year of the planning period.

Though the Defense Guidance is classified, in May 1982 newspapers obtained copies of the fiscal 1984-88 edition, which guides the fiscal 1984 budget process. The following highlights of the leaked document illustrate the Guidance's contents:

- Services should prepare to fight a nuclear conflict that might last several months.


STEP FOUR
FY MINUS 9 MONTHS
STEP FIVE
FY MINUS 4½ MONTHS
STEP SIX
FY MINUS 4 MONTHS
STEP SEVEN
FY MINUS 1 MONTH
PRESIDENT
PRESIDENT'S BUDGET REQUEST
CONGRESS
CONGRESSIONAL DEFENSE BUDGET CEILING
CONGRESS
DEFENSE AUTHORIZATION
CONGRESS
DEFENSE APPROPRIATION
■ The President reconciles the military budget with overall foreign and domestic policy, and submit the proposed defense budget along with proposals for the entire federal government.
■ Congress establishes spending ceilings for various categories of federal spending, including defense.
■ House and Senate Armed Services Committees draft a law setting out the Pentagon's approved shopping list in detail.
■ House and Senate Appropriations Defense Subcommittees draft a law essentially similar to the defense authorization, but covering more of the defense budget.

- Services should be prepared to pose a credible conventional (i.e., non-nuclear) threat to Soviet forces in many geographical regions simultaneously.
- The Navy and Air Force should develop new cooperative approaches to protecting naval fleets from Soviet air attack.
- Military services should put greater emphasis on special operations, e.g., guerilla warfare, sabotage, and psychological warfare.

The first major step in producing the annual *Defense Guidance* is the submission by the Joint Chiefs of Staff of another document, the *Joint Strategic Planning Document* (JSPD).* The JSPD presents the Joint Chiefs' view of threats to national security, along with an "if-money-were-no-object" recommendation for U.S. forces over the next seven years. The JSPD serves as a baseline against which Pentagon planners measure the potential military consequences of more affordable force levels, a process known as "risk assessment." Actual force levels are inevitably lower than those the Joint Chiefs of Staff recommend.

After the JSPD appears, the Secretary's Office begins circulating draft segments of the Defense Guidance to various DoD component organizations for comment. The Secretary's budget executive committee, called the Defense Resources Board (DRB), distributes the drafts, collects the comments, and makes adjustments as necessary. (See page 24 for more discussion of the DRB.) As the guidance nears completion, the Joint Chiefs present a risk assessment of their own to the DRB. By early January, the Secretary of Defense signs off on the final version of the Defense Guidance, distribution of which initiates the next step of the process.

Development of the Defense Guidance is probably the most important step in the entire budget process. During this phase, budget-makers are supposed to set goals, establish priorities, and present strategies for achieving those goals. To the extent our military strategy influences specific budget decisions—and it *should* to a great extent—what happens here will largely determine the content of all the budget decisions to follow. If the Guidance is too ambitious, unrealistic, or unbalanced, it is likely that all that follows will suffer accordingly.

*About the same time, the commanders of the unified and specified commands submit their personal views and recommendations.

Defense Guidance

Focus On: The Defense Department from OSD to JCS

While an outsider may view the Defense Department as a monolithic entity, a look at the main participants in the formation of the Defense Guidance reveals the diversity of institutions and individuals incorporated within DoD. The Department can be broadly divided into two groups: the career military and the civilians. By statute, civilians are in charge. Key non-military officials include the Secretary, a Deputy Secretary, two Under Secretaries, seven Assistant Secretaries, and a large support establishment known as the Office of the Secretary of Defense (OSD). In addition, each service has a civilian leadership bureaucracy, capped by the Secretaries of the Army, Navy, and Air Force.

Civilian leaders meet in an executive committee called the Defense Resources Board (DRB) to manage the budget process and resolve disputes. The Chairman of the Joint Chiefs of Staff is the only military member of the DRB, which otherwise consists of the top 14 DoD civilians and a representative from the Office of Management and Budget.

The career military has its own separate command structure. The top peacetime military officials are the Joint Chiefs of Staff. Composing the Joint Chiefs are the Army and Air Force Chiefs of Staff, the Commander of Naval Operations, and the Commandant of the Marines. Chosen by the President and confirmed by the Senate, each chief has a dual job. As head of his particular service, he must supervise that organization's planning and operations; as a *joint* chief, he must offer military advice to the Secretary and the President that transcends individual service interests. (Conflicts *do* arise. See Chapter IV.) Civilian defense officials rely on the Chiefs' experience, perspective, and expertise in understanding which threats to national security are gravest, what capabilities we now possess, and which strategies are most likely to address American defense needs.

While the Joint Chiefs dominate the role of military experts in the defense budget process, another group plays a lesser part. The military officers who head U.S. *operational* commands get an early, if limited, say in the process. Operational commands are the groupings of Army, Navy, and Air Force troops that would take effect in the event of war. The services' primary job is to recruit, train, and procure weapons for troops, *not* to direct them in battle. Operational commands include *unified* commands, all U.S. forces in a certain geographic area; and *specified* commands, single-service outfits that perform a specialized mission (e.g., Strategic Air Command).

The Commanders-in-Chief of the eight unified and specified commands offer their views on threats, military strategy, and budget needs late in August, more than two years before the start of the fiscal year in question. Their scheduled presentations predate the Joint Chiefs' formal planning submission by about one week. The Joint Chiefs continue to participate as the process unfolds, but the Secretary, aided by his civilian assistants, makes final decisions.

Key Players in Service Budget Requests

The Secretary of Defense and the Office of the Secretary of Defense
The Joint Chiefs of Staff:
The Army—Secretary: John O. Marsh, Jr.
Chief of Staff: Gen. John A. Wickham, Jr.

Step Two: Military Service Budget Requests

OFFICIAL TIMETABLE: JANUARY '82–AUGUST '82

The Army, Navy, and Air Force respond to the mandates contained in the Defense Guidance by making concrete proposals to achieve their assigned goals. The services' responses, called Program Objectives Memoranda (POMs), together comprise the bulk of the defense budget in embryonic form. This step is part of what DoD calls "Programming," the second "P" in PPBS.

Each POM is a five-year blueprint for each service's force planning:

Service Budget Requests

Focus On: The Military Services

The Army, Navy, and Air Force exist as organizations to prepare for wars, not to fight them. Each service recruits and trains troops and procures and maintains equipment to prepare for military hostilities. When hostilities do break out, each service is supposed to contribute its particular skills to the common effort under unified commands.

Always important players in the budget process, the services are particularly influential under the present Administration. In keeping with the Secretary's stated policy of "decentralization," civilian managers accord great weight to the military services' budget preferences. During the Secretary's review of proposed service budgets, for instance, all programs costing less than $25 million automatically pass without any scrutiny by civilian officials. This is in part a matter of necessity, as the Secretary's civilian staff is not large enough to review more than a fraction of the choices that comprise the defense budget.

Budget plans are designed to support the functions that each service would perform in times of war. Known as "roles and missions," these functions are the subject of constant interservice bureaucratic rivalry. The present allocation of roles and missions dates back to the Key West Agreement of 1948, an informal interservice "treaty" designed to resolve post-World War II turf battles.

The Army's principal mission is ground combat. Army troops must take and hold hostile territory. The Army is dependent on the other services for the performance of its duties. Navy ships carry Army troops and equipment to the locations of battle. Air Force cargo planes do the same, and Air Force attack planes support Army troops in combat. As of March 31, 1982, the Army was the largest service in numbers of personnel, with about 800,000 active military men and women, 861,000 guard and reserve forces, and more than 420,000 civilians.

The Navy's job is more diverse. Strategic naval forces, principally missile-carrying submarines, underpin U.S. nuclear deterrence strategy. Surface ships and other submarines keep supply lanes open and carry equipment and personnel to battle. Aircraft carriers provide "power projection," the ability to brandish or use forces on hostile territory from a mobile base that is free of the complications of a U.S. military presence on foreign, albeit friendly, soil. Finally, the Marines, technically a part of the Navy, must land on enemy beaches and seize makeshift naval bases. The Navy has roughly 540,000 active military personnel, 200,000 guard and reservists, and 340,000 civilians. The Marines have about 200,000 active members and 100,000 guard and reserve personnel.

The Air Force also plays diverse roles. The Air Force controls two legs of the strategic triad—intercontinental ballistic missiles and manned bombers. Air Force tactical fighters defend against enemy air attacks and offer protection to ground troops in combat. In addition, Air Force cargo planes carry troops and supplies to battle. The Air Force employs 580,000 military men and women, 238,000 guard and reserve members, and 255,000 civilians.

While the services view themselves as specialists, there *is* overlap among roles and missions. One notorious example is close air support, the use of airplanes to protect ground troops in battle. The Air Force, the Marines, and the Army all have sizeable inventories of aircraft to perform the air support mission. The Army, in fact, now has nearly as large an inventory of aircraft (about 8,600) as does the entire Air Force (about 9,400).

These are the major roles and missions that the services contemplate in fulfilling the strictures of the annual Defense Guidance. As Chapter IV suggests, service notions of roles and missions often collide with overarching issues of strategy and the needs of the military as a whole.

The Navy—Secretary: John Lehman
Commander of Naval Operations: Adm. James D. Watkins
Commandant of the Marines: Gen. P. X. Kelley
The Air Force—Secretary: Verne Orr
Chief of Staff: Gen. Charles A. Gabriel

How many personnel? How many weapons? What kind? How much support? How will forces be deployed? Building on prior five-year plans, POMs answer these questions, and supposedly do it in a way that responds to the Secretary's articulated goals, while staying within budget guidelines.

It is at the POM stage that specific weapons systems such as the MX missile or the Aegis cruiser first enter the picture. Before services may embark on the laborious and costly process of developing expensive new weapons, they must first get permission from the Secretary. That request for permission is a three-page *Justification for Major System New Start* (JMSNS), which services submit as part of their annual POMs.

According to press accounts, the fiscal 1984 service POMs contained requests for 12 new weapons systems, and Defense Secretary Weinberger's staff recommended approval of six of them. Among the favorably received proposals were a new anti-tank missile for the Army, a new "multimission" airplane for the Navy, and an "Advanced Tactical Air Reconnaissance System" for the Air Force.

Along with new tanks, missiles, and other items, service POMs include each service's plans for weapons programs that are already under way. Some ongoing programs are cancelled—for fiscal 1984, the Army reportedly offered to terminate four procurement programs to make way for new systems. Some are increased—all three services dramatically stepped up aircraft purchases with extra funds acquired in recent years. Many programs are adjusted—the number of weapons purchased per year and the total number of weapons to be purchased are sensitive to fluctuations in that system's price and performance and changing management attitudes.

Submitted in June, the POMs undergo review by both the Secretary of Defense and the Joint Chiefs of Staff. The Secretary's "Program Review," managed by the Defense Resources Board (DRB), examines selected programs with one-year price tags exceeding $25 million. Service programs involving less than that generally pass without civilian review.

The DRB also considers the views of the Joint Chiefs who report on their evaluation of the POMs. That report, called a *Joint Program Assessment Memorandum* (JPAM), evaluates the service budget proposals and judges whether the POMs, taken as a whole, satisfy the Secretary's mandate, as articulated in the Defense Guidance. The JPAM also presents the Chiefs' view of any risks to national security posed by the service force plans.

After hearing service appeals of DRB decisions and evaluating the JPAM, the Secretary adjusts the POMs to correct inadequacies in the service proposal and to incorporate new budget ceiling estimates. Once adjusted and approved by the Secretary, Program *Objectives* Memoranda become Program *Decision* Memoranda. Along with the budgets for civilian defense agencies, these documents together represent in rough form DoD's budget request for the fiscal year that is still about 14 months away. In practice, DoD continues to tinker with its programming choices after this step is officially over, thus overlapping with those that follow.

Major Weapons System Acquisition

While the budget process determines which weapons DoD will buy (and how many), the Pentagon has an entirely different process to actually buy them. The so-called acquisition process is no less elaborate than the Planning-Programming-Budgeting System. It has an executive committee parallel to the Defense Resources Board, it has complex procedures that the services must follow, and it involves tens of billions of dollars. In theory, the acquisition process carries out the policies set in the budget process by translating articulated military needs into hardware.

DoD and the services procure thousands of different items every year, and civilian managers could not possibly track every program. They therefore often focus on "major weapons systems," big ticket items that will cost at least $200 million in research and development or $1 billion in actual production.

The top-level committee that supervises the major system acquisition process is the Defense Systems Acquisition Review Council (DSARC). Sitting on the council are most of the same persons who manage the budget process: the Deputy Defense Secretary; the Under Secretaries for Policy, and Research and Engineering; the Assistant Secretary for Manpower, Reserve Affairs and Logistics, and the Comptroller, who also is an Assistant Secretary; the Director of Program Analysis and Evaluation; the Chairman of the Joint Chiefs; and the Service Secretaries.

The council supervises the work of the services, who are primarily responsible for acquiring the weapons. It takes an average of about 10 years before a weapon, once conceived, is ready for production. To ensure that this process goes smoothly and efficiently, the DSARC reviews embryonic weapons programs at critical stages, called "milestones," in their development. A service that wishes to field a new major weapon must see it through the following phases:

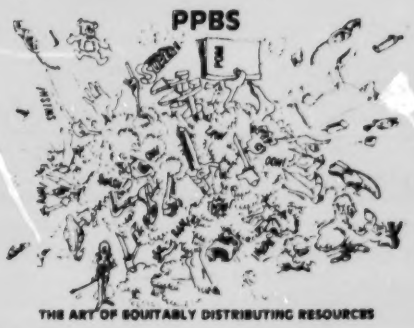
Mission Need Determination—At this stage the service perceives a military problem and is exploring different means of addressing it. Theoretically, it has no specific weapons in mind. At the conclusion of this exercise is DSARC Milestone One. If the DSARC approves of the work done so far, it will permit the service to pursue development of the new weapon into the next phase.

Phase I—Demonstration and Validation—The service winnows out alternative approaches and designs during this phase and should emerge with a clear idea of what the weapon should be able to do. It does not yet know exactly what the weapon is going to look like, who is going to build it, or what it will be called. Under new acquisition guidelines, the services may proceed to the next stage, full-scale development, before winning DSARC approval. Services, however, must pass DSARC Milestone Two before proceeding far.

Phase II—Full-Scale Development—During this phase, the services and selected contractors design, build, and test prototypes and limited production models of the weapon. When this phase is complete, the weapon is ready for mass production. On paper, there is a DSARC milestone that the weapon must pass before it can be produced and deployed. Under the present administration's policy of decentralization, however, the services do not ordinarily need DSARC permission to proceed.

Phase III—Production and Deployment—During this phase, contractors mass-produce the weapon, support equipment, and spare parts. The service also supervises construction of facilities to permit the weapon's deployment, e.g., silos for new missiles. This phase continues until the last weapon is produced, perhaps a decade or two after it was conceived.

Virtually all of the money for Phases I and II comes out of DoD's Research, Development, Test and Evaluation (RDT&E) budget accounts. Once a system enters production, most of the money comes from the Procurement accounts. Some money will also come, however, from Military Construction; some will come from Operation and Maintenance, for support; and some will continue to come from Research, Development, Test and Evaluation for continued research and testing.



U.S. ARMY
Artwork by John Briedis.

Key Players in Secretary Weinberger's Budget Request

The Secretary of Defense and the Office of the Secretary of Defense
The Defense Resources Board (as of June 1983):
Deputy Secretary: Paul W. Thayer (Chairman)
Under Secretary for Policy: Fred C. Ikle
Under Secretary for Research and Engineering: Richard D. DeLauer
Principal Deputy Under Secretary for Research and Engineering: James P. Wade, Jr.
Assistant Secretary, Comptroller: Vincent Puritano
Assistant Secretary, Health Affairs: John F. Beary, III
Assistant Secretary, International Security Affairs: Richard L. Armithage
Assistant Secretary, International Security Policy: Richard N. Perle
Assistant Secretary, Manpower, Reserve Affairs and Logistics: Lawrence J. Korb
DoD General Counsel: William H. Taft IV
Director, Program Analysis and Evaluation: David S.C. Chu
Director, Defense Advanced Research Projects Agency: Robert S. Cooper
Chairman, Joint Chiefs of Staff: Gen. John W. Vessey, Jr.
Secretary of the Army: John O. Marsh, Jr.
Secretary of the Navy: John Lehman
Secretary of the Air Force: Verne Orr
Associate Director for National Security and International Affairs, Office of Management and Budget: Alton G. Keel, Jr.

Step Three: The Secretary's Budget Request

OFFICIAL TIMETABLE: AUGUST '81–DECEMBER '82

What the military services want may seem excessive or incorrect to the Secretary of Defense and his staff. In theory, the Secretary's word should prevail throughout the Department. In an organization that employs well over three million people, however, control is limited. In practice, DoD's civilian officials closely examine only a small fraction of the questions and issues surrounding the defense budget. The services make the majority of budget decisions free of significant civilian control.

The basic purpose of PPBS is to afford DoD's civilian leadership as much control of policy and budget making as possible. The Secretary of Defense manages the PPBS process through the Defense Resources Board (DRB), a 17-member executive committee made up of all the top civilian Defense officials, the Chairman of the Joint Chiefs of Staff, and a representative from the President's Office of Management and Budget (OMB). The DRB meets regularly to manage the flow of paper that the process generates, hear arguments and appeals, resolve minor issues, and recommend action to the Secretary on major ones.

The DRB's principal work theoretically ends with the completion of the Planning and Programming phases of the PPBS cycle. The remaining chore, "Budgeting" (the "B" in PPBS), is in theory a ministerial task conducted by the services and DoD's civilian Comptroller, who has the rank of an Assistant Secretary.

Secretary Weinberger's Budget Request

Focus On: The Defense Resources Board (DRB)

The DRB makes most of the decisions that get made during the budget process. Meeting at least monthly, the Defense Resources Board is the focal point for the Defense Secretary's Planning, Programming, and Budgeting System.

Created in 1979, the DRB originally had only six members and focused on service budget requests. The size, scope, and influence of the panel has expanded during the Reagan Administration. The present 17-man complement includes the JCS Chairman, plus most of the top civilian officials.

The Board makes decisions on major defense issues and resolves budgetary disputes that arise elsewhere in the Department. While all members vote, the Deputy Secretary of Defense, who chairs the DRB, can override any decision. Only the Secretary can override his Deputy in such instances.

The rising importance of the DRB has come partially at the expense of the systems analysis office, the current influence of which may be at its lowest since it was created in the early 1960s. Called Program Analysis and Evaluation, the systems analysis office had a director who carried the rank of Assistant Secretary during the Carter Administration, a reflection of the importance the director enjoyed at that time. Significantly, the position was downgraded shortly after the new Administration came into office.

Within the DRB, individuals play roles of increasing or decreasing importance depending on the phase of the budget process. Early on, for instance, the Under Secretary for Policy dominates assembly of the Defense Guidance, while the last phases of the process fall within the aegis of the Comptroller. The Under Secretary for Research and Engineering, the top procurement official, is always influential. The Director of Program Analysis and Evaluation plays only a minor role.

Budgeting involves converting the language of planning and programming (missions such as strategic forces, general purpose forces, intelligence and communications, etc.) into the universal tongue of federal budgeteers (appropriations accounts such as procurement, operation and maintenance, personnel, etc.) In preparing DoD's budget proposal, the Comptroller receives updated cost estimates from the services on weapons programs (they change constantly) and rearranges all the data in the Program Decision Memoranda into budget accounts. During this period, programming often continues. The Secretary of Defense makes last-minute changes in budget request totals and resolves lingering issues.

The defense budget request is now ready for final approval by the President.

Step Four: The President's Budget Request

OFFICIAL TIMETABLE: AUGUST '81–JANUARY '83

While the Secretary of Defense is responsible only for the military role in maintaining our national security, the President must juggle military spending with competing domestic and foreign priorities. How much is enough for defense? How do military spending plans jibe with other foreign policy objectives? How much will Congress or the public want to spend? What must we forego in order to spend more (or less) on defense?

The President must also reconcile defense budget choices with the sometimes competing and conflicting preferences of other national security agencies. What does the Arms Control and Disarmament Agency see as the arms control implications of large cruise missile deployments? How does the State Department believe the number of U.S. troops stationed in Europe will affect relations with our NATO allies? The President must be the final arbiter of a number of defense budget questions.

The President's primary vehicle for making budget decisions government-wide is the Office of Management and Budget (OMB). While OMB often poses as a fiscal adversary with other agencies, its relationship with the Defense Department is unique.

Most federal agencies view OMB as a tyrant. Agencies, on their own, assemble a budget proposal which they submit to OMB the September before the President's budget proposal is due. OMB examiners then review the proposal and make additions (rare) or deletions (frequent). An appeals process follows, during which agency heads can plead against adverse judgments to the OMB Director, and, on occasion, to the President.

None of that applies to the Defense Department. Because of the length and complexity of Pentagon budget making, OMB has long held that its early involvement in the PPBS process was essential. Acknowledging that abandonment of their customary detachment might cost them some objectivity, OMB examiners reasoned that having a better idea of what was going on would compensate. Thus, OMB participates in the entire budget process within DoD. OMB defense budget examiners spend much of their time at the Pentagon, rather than at the Executive Office Building with the rest of their colleagues. Moreover, OMB's Associate Director for National Security and International Affairs is a voting member of the Pentagon's Defense Resources Board, thus ensuring some Presidential involvement in every step of DoD's budget process.

Besides OMB, other global-minded agencies may get a say over the substance of Pentagon choices through the White House national security apparatus. The State Department, the Central Intelligence Agency, the Arms Control and Disarmament Agency, and others often bring their specific perspectives to bear on military policy issues. The institutional mechanism for their participation in those issues is the National Security Council (NSC).

The NSC does not play an official role in the defense budget process. Precisely how or to what extent the NSC, or any agency, is permitted to

Key Players in President Reagan's Budget Request

The President—Ronald W. Reagan
The Secretary of Defense
The Office of Management and Budget:
  Director—David Stockman
  Associate Director for National Security and International Affairs—Alton G. Keel, Jr.
The National Security Council

President Reagan's Budget Request

Focus On: The Office of Management and Budget

The Office of Management and Budget (OMB) is the President's bureaucratic vehicle for reviewing and preparing the annual budget request and overseeing regulatory policy, procurement policy, and management practices throughout the federal government. OMB, broadly speaking, has a "budget side," which performs its more familiar review function, and a "management side," which does everything else.

On the budget side, examiners analyze all aspects of the proposed budget and make recommendations. According to March 1983 press reports, 27 examiners review the entire defense budget—that means that each analyst must review over $10 billion in budget authority for military programs. (There may in fact be far fewer than 27 defense budget examiners. See page 47.) This is in contrast to the overall average of $4.8 billion per analyst for fiscal 1984.* While the examiners' boss, the Associate Director for National Security and International Affairs, sits on the Pentagon's Defense Resources Board, OMB still has a limited ability to analyze defense requests in depth. At best, OMB can generate plausible alternatives that the President can use in his budget battles with federal agencies.

Under Reagan, OMB has played an extremely limited role in defense budget formation. Reagan's ideological compatibility with Secretary Weinberger, along with strains in his relationship with OMB chief David Stockman, have reduced the latter's military spending review role in this Administration.

*Based on an estimate of 188 analysts as of June 1983.

influence the proposed defense budget is a function of each President's preference and style. History reveals a variety of power arrangements among the national security agencies. According to John Collins of the Congressional Research Service, the NSC itself undergoes radical rises and falls in stature as "successive presidents reshape Council purpose and structure to suit their temperaments." In many instances, how large a say an agency has may turn largely on the personal relationship between the agency's director and the President.

While Presidential participation occurs throughout the Executive Branch phase of the defense budget process, the President's level of interest and involvement probably peaks in the months just before submission of his proposed federal budget. Then the Administration is in the final stages of preparing its fiscal plans for Congressional review.

With delivery of the President's budget message, the focus of military spending decisionmaking shifts to Congress.

Step Five: Congressional Defense Budget Ceiling

OFFICIAL TIMETABLE: JANUARY '83–MAY '83

Like the President, Congress must reconcile both the size and the content of the defense budget with competing priorities and concerns. Unlike the President or DoD, the bulk of whose decisions are made behind closed doors, Congress must review the defense budget in relatively far more open, politically charged, and sometimes tumultuous surroundings.

Over the past decade, Members of Congress have sought to increase their influence over the federal budget. A 1974 law mentioned earlier, the Congressional Budget and Impoundment Control Act, embodies their major attempt. The Budget Act seeks to enable Congress to exert greater influence over spending decisions by disciplining the manner in which it makes

Key Players in the Congressional Defense Budget Ceiling

House Budget Committee
- Chairman: Rep. James R. Jones (D-OK)
- Ranking Minority: Rep. Delbert L. Latta (R-OH)

Senate Budget Committee
- Chairman: Sen. Pete V. Domenici (R-NM)
- Ranking Minority: Sen. Lawton Chiles (D-FL)

Congressional Defense Budget Ceiling

Focus On: The Budget Committees

Created in 1974, the House and Senate Budget Committees have bred controversy as they have sought to carve out a meaningful niche in the Congressional committee system. The new committees were part of a series of initiatives designed to improve control over a budget process that was acknowledged to be undisciplined and incoherent. Before the Budget Committees' creation, there had always been spending committees (principally House and Senate Appropriations) and taxing committees (House Ways and Means and Senate Finance), but there was no institution or mechanism for coordinating income with spending. The Budget Committees and the new process within which they function are supposed to fill that gap by reconciling revenue and spending plans each year.

The Budget Committees have had to struggle for their turf. Wedged in between the powerful taxing and spending committees, the new panels have contended with suspicion, mistrust, and outright hostility from their older counterparts. More recently, Budget Committee practices have angered authorizing panels such as the Armed Services Committees. The budget panels have avoided serious confrontation largely by focusing on broad revenue and appropriation totals. By staking out the "How much?" questions, the panels have left to the appropriating and authorizing committees the traditional questions of how totals should be allocated.

Today the budget panels are the focal point for political debate over the size of the federal budget and fiscal policy in general, both in Congress and between Congress and the President. In recent years, the committees have employed a technique called "reconciliation" to enforce budget limitations upon the authorizing and spending panels. While largely successful, the practice has spawned a new round of controversy over the Budget Committees' role and raised questions about the future of the Congressional budget process in its present form.

As "big picture" experts, the House and Senate Budget Committees do not have subcommittees. The House, however, does empanel ad hoc "task forces" to focus on certain areas of particular concern. Task forces perform study functions only; they do not develop proposals in the manner of subcommittees. For fiscal 1984, there was no House Budget task force on defense issues; all work was done by the full committee.

budgetary choices. The law created two new Budget Committees to set and enforce spending goals and supervise the progress of disparate spending provisions through the legislative process. It also created an impartial Congressional Budget Office to supply Congress with the same fiscal and economic analysis that OMB offers the President.

Congress begins by cranking the President's budget request, defense plans included, into its own system. Congress then makes an initial determination of how big the upcoming budget should be. It does this by enacting a concurrent House-Senate statement of budgetary goals. Due by May 15, the "First Concurrent Budget Resolution" sets forth projected federal income and spending totals and divides all federal spending into roughly 20 spending categories, officially known as "functions." Function 050, "National Security," includes DoD's military activities, the Energy Department's military nuclear programs, civil defense, selective service, and related activities.*

*Function 050 does not include all national security programs. Military assistance to other nations and veterans benefits, for instance, are part of other spending functions.

The First Concurrent Resolution establishes spending targets for each function to guide the authorizing and appropriating committees in their subsequent decisions. While the Budget Act calls for a Second Concurrent Resolution in September to harden the "targets" into binding "ceilings," Congress in recent years has either dispensed with or failed to focus on the second resolution. Thus, targets have become firm allocations of money within the larger federal budget. The defense budget, in the form of Function 050, is embedded in this plan.

The Budget Committees write the Budget Resolutions, which go to the House and Senate floors for approval, in the manner of normal legislation.* Budget Committee recommendations are principally a blend of Congressional Budget Office analysis, politics, and the views of the committees that oversee the programs and operations of the federal government. In choosing a total for military spending, the Budget Committees solicit the views of the Armed Services Committees, the General Accounting Office, the Congressional Budget Office, the Administration, and others.

The budget resolution applies only to the upcoming fiscal year, but it projects totals for two "out-years" beyond that. For instance, the fiscal 1984 measure contains spending estimates for fiscal years 1985 and 1986. These out-year estimates are not legally binding on Congress or the Administration. That fact led to controversy in 1982, when President Reagan indicated his intent to disregard the out-year spending targets for national defense in the fiscal 1983 budget resolution, although he had participated in a deal that led to those targets.

Establishing the size of the defense budget paves the way for deciding how to spend it. In Congress, two sets of committees share responsibility for the content of the defense budget.

Key Players in Defense Authorization

House Armed Services Committee
Chairman: Rep. Melvin Price (D-IL)
Ranking Minority Member: Rep. William Dickinson (R-AL)
Senate Armed Services Committee
Chairman: Sen. John Tower (R-TX)
Ranking Minority: Sen. John Stennis (D-MS)

Step Six: Defense Authorization

OFFICIAL TIMETABLE: FEBRUARY–MAY '83

Before DoD spends an additional penny for anything, it must get permission from Congress to do so each year—twice. Each time, Congress enacts a law telling DoD in considerable detail what may be purchased, how many, and sometimes, when.

The first grant of fiscal permission, originating with the Armed Services Committees, is the defense authorization. Every federal agency and program must have an authorization before it can receive federal funds, but most authorizations last for a number of years and are fairly general. Each defense authorization lasts only one year and contains hundreds of specific "line items." Divided by appropriation account (that is, procurement, operation and maintenance, etc.), line items cover specific weapons, categories of support purchases, research projects, and the like.**

The defense authorization does not cover the entire defense budget. The fiscal 1983 bill authorized about 73 percent of the entire defense budget. Subject to the bill are DoD's Procurement budget; Research, Development, Test and Evaluation budget; and Operation and Maintenance budget. The measure also covers civil defense. While it does not authorize specific sums for personnel, it sets limits on the number of persons DoD may employ and may dictate personnel policies in detail. The scope and specificity of the Defense Authorization is the product of two decades of gradual but steady accretion of responsibility by the Armed Services Committees for the annual defense budget.***

*Unlike normal legislation, the budget resolutions are not sent to the President for his signature.

**Much of this detail does not appear in the Act itself, but is contained in the House and Senate Reports that accompany the bills and the joint Conference Report that accompanies the final version. Congress nevertheless expects the Defense Department to obey to the letter the strictures contained in these reports.

***A major cause of this accretion is the chronic and sometimes hostile turf rivalry between the Appropriations and Armed Services Committees. See pages 55-58 for a fuller discussion.

Defense Authorization

Focus On: The Armed Services Committees

The House and Senate Armed Services Committees are the military experts of Congress. Their jurisdiction extends beyond the budget; they are primarily responsible for overseeing the policies and practices of the entire defense establishment. Areas of inquiry range from nuclear strategy to disposal of surplus property.

These committees are extensively involved in reviewing the annual defense budget, although that has not always been the case. In 1960, the Defense Authorization was very broad, applied only to procurement of certain weapons, and had no expiration date. Since then, however, the scope and complexity of the Defense Authorization has grown steadily, due at least in part to turf rivalry with the Appropriations Committees. As of fiscal 1982, when the Defense Authorization first included Operation and Maintenance, the only major accounts that do not receive Armed Services Committee line-item scrutiny are Personnel and Retirement.

Both Armed Services Committees have traditionally been staunch supporters of the military. Dominated by "hawkish" conservative members, the panels have reliably supported most Pentagon efforts. (The latter seem to have reciprocated by supporting projects in committee members' districts.) When career military and civilian opinions diverge, the Armed Services Committees sometimes function as courts of appeal for the career viewpoint.

The Committees recently reaffirmed their strong loyalties to DoD by supporting in full the fiscal 1983 installment of President Reagan's proposed military buildup. In recommending full funding to their respective budget committees, the Armed Services panels ignored widespread calls for military spending reductions, a faltering economy, and the prospect of enormous federal deficits. (The panels did make cuts in fiscal 1983, after the First Budget Resolution forced them to conform to a lower ceiling.)

The Budget Act requires that the House and Senate Armed Services Committees report draft authorizations to their respective Houses by May 15. In doing so, the committees hold dozens of hearings at which they hear from hundreds of witnesses. Most witnesses are DoD officials, though the committees also hear from the Congressional Budget Office, the General Accounting Office, and, less frequently, industry and other private organizations. The fiscal 1983 hearing record compiled by the two Armed Services Committees spans over 11,000 pages.

Passage of the Defense Authorization sets the stage for a virtual repetition of the Armed Services Committees' work, performed this time by the Appropriations Committees.

Step Seven: The Defense Appropriation

OFFICIAL TIMETABLE: MAY '83–SEPTEMBER '83

In a very important sense, the annual Defense Appropriation *is* the defense budget. Virtually identical in form to the Authorization, the Appropriation is the authoritative allocation of money for defense activities over the coming fiscal year.

When comparing the Appropriations and Authorization measures, similarities outweigh differences. They look alike—both are project-by-project, item-by-item rosters of that for which DoD may spend money.* Both

*DoD does have limited latitude in spending money within each appropriations account. Generally, though, any significant shifts from what Congress has specified—the practice is called *reprogramming*—must win Appropriations Committee assent.

Key Players in Defense Budget Appropriations

Defense Appropriation:

House Appropriations Defense Subcommittee
- Chairman: Rep. Joseph P. Addabbo (D-NY)
- Ranking Minority: Rep. Jack Edwards (R-AL)

Senate Appropriations Defense Subcommittee
- Chairman: Sen. Ted Stevens (R-AK)
- Ranking Minority: Sen. John C. Stennis (D-MS)

Military Construction Appropriation:
House Appropriations Military Construction Subcommittee
Chairman: Rep. W. G. (Bill) Hefner (D-NC)
Ranking Minority: Rep. Ralph Regula (R-OH)
Senate Appropriations Military Construction Subcommittee
Chairman: Sen. Mack Mattingly (R-GA)
Ranking Minority: Sen. Jim Sasser (D-TN)
Energy Department Warhead Appropriation:
House Appropriations Energy and Water Development Subcommittee
Chairman: Rep. Tom Bevill (D-AL)
Ranking Minority: Rep. John T. Myers (R-IN)
Senate Appropriations Energy and Water Development Subcommittee
Chairman: Sen. Mark O. Hatfield (R-OR)
Ranking Minority: Sen. J. Bennett Johnston (D-LA)
Civil Defense and Selective Service:
House Appropriations HUD-Independent Agencies Subcommittee
Chairman: Rep. Edward P. Boland (D-MA)
Ranking Minority: Rep. Bill Green (R-NY)
Senate Appropriations HUD-Independent Agencies Subcommittee
Chairman: Sen. Jake Garn (R-UT)
Ranking Minority: Sen. Walter D. Huddleston (D-KY)
(Note: Subcommittee membership is listed on page 84.)

Defense Budget Appropriations

Focus On: The House and Senate Appropriations Defense Subcommittees

The Defense Subcommittees of the House and Senate Appropriations Committees draft the annual law that covers the bulk of the annual defense budget. The work of these subcommittees largely parallels that of the Armed Services Committees, who author the Defense Authorization.

Overlap between the Armed Services panels and Defense Subcommittees, which has grown in recent years due to the growing scope of the Authorization Bill, has led to friction between the two sets of committees and confusion for DoD. (For more on this, see page 55.) Differences have largely been matters of turf and not substance, though; the Defense Subcommittee members tend to exhibit the same sympathetic inclination towards the Pentagon as do Armed Services members.

The most notable exception to the Defense Subcommittees' tendency to be somewhat uncritical of DoD spending plans is the chairman of the House panel, Joseph P. Addabbo. Chairman Addabbo told *The New York Times* that he chose to head the Defense Subcommittee in part to act as a gadfly on defense issues, and to slow—or divert—what he views as an unjustified flow of defense dollars to the southern and western states. Addabbo's position is costly; he often finds himself outvoted on key issues by his own subcommittee. This happened during the fiscal 1983 budget cycle on the MX missile, funds for which the Subcommittee approved despite Addabbo's opposition.

Though smaller in membership staff than the Armed Services Committees, the Defense Subcommittees have budgetary responsibilities at least as great. Responsible for all DoD military expenditures except military construction, the Subcommittees also must oversee the Pentagon's baffling and sometimes unbelievably elaborate spending and accounting practices. The Subcommittees' hearing records bear out their work level: for fiscal 1983, both panels held over 60 hearings, generating a hearing record well over 11,000 pages long.

last a year, and both are written after lengthy hearings. Each is a separate piece of legislation, passed by both Houses of Congress and signed by the President. Each is a necessary prerequisite to military spending.

Meaningful differences are few. The Appropriation covers virtually the entire DoD military budget, while the authorization does not set precise dollar limits for personnel or retirement.* The authors of the Appropriation bill are the House and Senate Appropriations Defense Subcommittees, rather than the Armed Services Committees.

The timetable specified by the Budget Act calls for completion by Congress of the Defense Appropriation by the second week in September. Congress frequently misses that deadline, an occurrence the Budget Act sought to avoid.

In theory, if October 1—the first day of the new fiscal year—arrives before the Defense Appropriation bill is enacted, DoD must close up shop. To avoid this, Congress passes *continuing resolution appropriations*, stopgap measures which provide funds for a limited period until a permanent bill can make its way through the process. In fiscal 1982, virtually the entire federal government *except* the Defense Department spent the entire year on a series

*The actual "Defense Appropriation" does not cover military construction, for which there is a separate appropriations bill. Atomic warhead programs, civil defense, and other non-DoD defense activities also receive annual appropriations in other pieces of legislation.

of temporary spending bills. For fiscal 1983, DoD's budget was incorporated into two stopgap measures that have funded most of the federal government for the entire year.

Even when they receive funds on schedule, agencies often come back to Congress for more money before the fiscal year is over. Generally, when the President submits his budget request for the upcoming fiscal year, he also submits a request for a *supplemental appropriation* for the year already under way. Thus, in January 1983, President Reagan asked for additional funds for fiscal 1983 in addition to his fiscal 1984 proposals. For DoD, the request included money for production of MX missiles, funds for which were stricken from the DoD request by Congress last year.

The Process Continues

If—unlike recent years—all goes according to plan, DoD will have a Defense Appropriation by October 1, 1983, and the fiscal 1984 review cycle will be complete. At that time two more budget cycles will already be under way: the fiscal 1985 request will be in its final stages at DoD, and the fiscal 1986 Defense Guidance will be taking shape.

The defense budget is long, overlapping, and elaborate. In theory, each cycle represents one installment in an ongoing effort to provide for U.S. national security. Theory and reality often diverge, however, with sometimes troubling results.

Summary of Key Points

- The defense budget process lasts more than two years and takes seven steps. At any given time, DoD is operating under one budget, while budgets for the upcoming two or three fiscal years are at some stage of preparation or review.
- The first step is promulgation by the Secretary of Defense of the *Defense Guidance*. That document sets out broad military strategy and the goals the services should seek to achieve in their budget plans.
- The second step is preparation by the services of their proposed budgets, called *Program Objectives Memoranda*, or "POMs." These present the service's estimate of what they must buy to satisfy the mandates of the *Defense Guidance*.
- The third step is submission to the President of the Defense Secretary's proposed budget. The Secretary's budget builds upon and often modifies the service POMs.
- The fourth step is submission to Congress of the President's proposed defense budget, along with plans for the rest of the federal government. The President, aided by the Office of Management and Budget and national security agencies, modifies the DoD budget before incorporating it into his overall federal budget plan.
- The fifth step is establishment by Congress of a defense budget ceiling for the coming fiscal year. This is primarily the work of the House and Senate Budget Committees, which propose totals for all major categories of federal spending.
- The sixth step is enactment into law of the annual Defense Authorization bills. Authored by the Armed Services Committees, the Authorization tells DoD what it may buy in the coming year in detail. It covers weapons development and procurement, operation and maintenance, military construction, and other items.
- The final step is enactment into law of the annual Defense Appropriation. Initially drafted by the House and Senate Appropriations Defense Subcommittees, the measure essentially covers the same areas as the Authorization bill, but also includes specific sums for personnel and military retirement.

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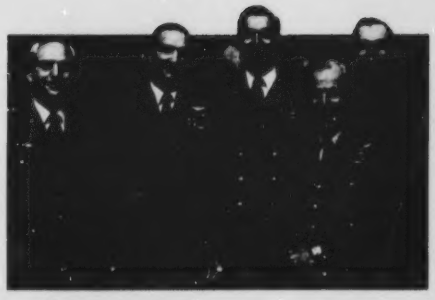
III. Problems With The Defense Budget Process: The Executive Branch

Figuring out exactly how to spend more than $200 billion a year is a big challenge. Making matters worse, those doing the figuring include an enormous, internally contentious bureaucracy, a transient Executive Branch administration, and a Congress possessing what *The Washington Post* has termed a perpetual "propensity toward chaos." It is thus hardly surprising that the defense budget process has problems.

Many of the problems in the executive branch phase of the budget process are virtually inevitable in a bureaucracy as large and complex as the Defense Department. In his recent book, *Thinking About National Security*, former Defense Secretary Harold Brown makes clear that managing DoD is a herculean task, even when compared to managing the largest private corporations. He notes that Exxon, the number one company on *Fortune Magazine's* top 500, has sales that equal only about half the annual defense budget. American Telephone and Telegraph, the nation's largest private employer, has fewer than one third as many employees as does the Defense Department.

Moreover, the goals of these corporations are much clearer than those of the Pentagon. Efficiency and profit, the key indicators of good management in the private sector, are less meaningful measures of success in



Joint Chiefs of Staff.

Facing page, Apache Helicopter.

defense management. DoD has a diverse and sometimes conflicting mandate that ranges from designing and building aircraft carriers, to supporting U.S. foreign policy abroad. Efficiency in peacetime, as already noted, may at times actually conflict with the requirement that the military be prepared, if necessary, to fight. In short, Brown finds that "the conflicts and contradictions of managing defense cannot be fully resolved."

Yet the effort to improve the defense budget process must continue. The share of national resources involved is too great, and the potentially fatal consequences of a major mistake are too grave for the nation to tolerate less than everyone's best. Given the range of individuals voicing serious concerns about the defense budget process, the drive to reform the defense budget process must continue with vigor. That drive must take account of the following problems.

Excessive Interservice Rivalry

The Army, Navy, and Air Force are distinctive, separate, and competitive organizations. At war, the services compete with each other for domination of joint operations. At peace, they compete for money and for coveted roles and missions.

A growing chorus of former DoD officials is expressing concern that interservice rivalry has got out of hand. Among them are former Under Secretary of the Navy R. James Woolsey, former Chairman of the Joint Chiefs of Staff David Jones, former Army Chief of Staff E.C. Meyer, former Under Secretary of Defense for Policy Robert Komer, and many others. According to these critics, a major peacetime pursuit of each military service is to out-budget its rival services in what David Jones calls "the intramural scramble for resources." According to Pentagon adviser Richard Garwin, "the biggest game in town is the U.S. Navy vs. the U.S. Air Force, not the U.S. vs. the Soviets."*

No one can say for sure what interservice rivalries cost U.S. taxpayers, but former DoD policy chief Robert Komer puts the price tag as high as $50 billion a year. Interservice budget politics blurs the distinction between planning and programming, compromises professional military advice, and leads to malcoordination, duplication, and waste.

At the heart of the interservice rivalry problem is jealousy and mistrust over the roles and missions performed by the services. Each service has certain coveted turf and will vehemently defend against any apparent encroachments by another service. The Air Force, for instance, places high priority on its strategic nuclear roles, particularly manned penetrating bombers. This has led to frequent tension with the Navy, whose nuclear missions are seen as a potential threat to Air Force territory.

If two services fighting over the same mission is a common source of conflict, so is neglect by one service of a mission upon which another service depends. The Air Force, for instance, is widely thought to neglect airlift and close air support, though they are both Air Force missions. The Army depends on adequate performance of these functions to get its soldiers and equipment to battle and then protect them in combat. The Army, therefore, is the main loser when the Air Force does a poor job.

A recent flare-up of this conflict came as a result of Air Force actions regarding plans for a new cargo plane, the C-17, which the Air Force recently set aside in favor of procuring a new generation of Lockheed C-5's. In a memorandum to civilian DoD officials, Army Under Secretary James R. Ambrose branded Air Force management of the C-17 program as "appalling." "It is one more illustration," he continued, "of the likely and unreasonable fate of adequate airlift in the hands of an Air Force which has its hand full with M-X, B-1, ATM [sic], satellites, etc."

*Interservice rivalry is not necessarily bad. David Jones, Chairman of the Joint Chiefs of Staff from 1978 to 1982, writes that "the very foundations of each service rests on imbuing its members with a deep sense of mission, its doctrine, and its customs and discipline."

Despite these tensions, overt interservice hostility is rare. The services have traditionally resolved conflicts by negotiating agreements, the formality of which sometimes resembles international treaties. The present allocation of roles and missions among the services, in fact, is the product of a series of negotiations conducted in 1948 in Key West, Florida, and Newport, Rhode Island. The resulting "Key West Agreement," amended through the years, remains in force and continues to constrain service strategic and budget planning.

The services' aversion to open conflict with one another carries over into the budget arena. The military services' favored approach to allocating theoretically scarce budget dollars is to support each other's pet projects, making them all appear militarily vital. The best protection from the potential harms of overt budgetary competition, the services have found, is to try not to compete at all.

This approach eliminates for everyone a potentially damaging source of criticism. Navy officials, for instance, may believe that the Air Force's MX missile is a bad idea. They are unlikely to express that belief, however, for fear that the Air Force might in turn have something to say about Navy plans to reactivate old battleships. As a result, weapons programs proliferate, at times with questionable justification.

Sometimes, the services buy different weapons to perform essentially the same mission. This follows from the combination of service parochialism and the fact that some missions legitimately cross service lines.

Close air support is again a notorious example. While close air support is primarily an Air Force mission, the Air Force shares responsibility with the Marines and the Army. In addition to the Air Force's fleet of A-10 attack jets, the Marines are buying a vertical takeoff and landing jet, the AV-8B, to protect their troops landing on hostile beaches. The Army, forbidden by the Key West accords from having fixed-wing aircraft, has acquired a large fleet of helicopters, which are relatively fragile in combat.

The present Administration may have aggravated this situation by decentralizing the DoD command structure and turning greater budget planning authority over to the services. Hawks and doves alike have raised questions about the move. "It remains to be seen," concluded an American Enterprise Institute study, "whether the Services will be able and willing to rise above parochialism and to serve the broader national interest, occasionally at some programmatic and budgetary cost to themselves." History offers little basis for optimism.

Weaknesses in the Joint Chiefs Structure

Theoretically, one might turn to the Joint Chiefs of Staff, the collective leaders of the military services, as the logical persons to reconcile competing military interests without padding the defense budget. While responsible for speaking with a single military voice, the Chiefs, rather than overcoming service politics, are too often co-opted by it. As a result, important planning and advisory roles that the Joint Chiefs play in the budget process are neglected or undermined.

The root of the problem seems to be the conflicts of interest that the Joint Chiefs face between their roles as both top military officials of their respective services and principal military advisers to the President and Secretary of Defense. Only the Chairman of the Joint Chiefs is largely free of this conflict. The so-called "dual-hat" phenomenon makes difficult decisions by the Chiefs almost impossible. "It is simply unrealistic," writes former Defense official Russell Murray, "to expect that any man of integrity can in good conscience argue in favor of something while wearing one of his 'hats' and against it while wearing the other."

Usually, critics say, service interests prevail over the greater good. Why? The largest single reason is that the Chiefs remain persistently loyal to their home services, to which they owe their careers. "Chiefs are judged by their peers and services on their success in obtaining funding for their own major systems and for protecting service interests," writes former Joint Chiefs Chairman David Jones.

Two Views of Interservice Rivalry and the Joints Chiefs:

"We can talk to other nations' navies better than we can talk to our own Air Force."

——JOHN LEHMAN, Secretary of the Navy in the Reagan Administration

"With the blessing of the [Joint Chiefs of Staff], the country continues to buy four independent tactical air forces, one for each service. Civilians still have to wrestle the Army and Air Force so that the tanks of one will fit inside the planes of the other."

——JOHN KESTER, Special Assistant to the Secretary of Defense in the Carter Administration

JCS: An Intractable Problem

Calls for reform of the Joint Chiefs of Staff have come regularly for the past four decades, but to no avail. According to *Armed Forces Journal* magazine, there have been at least 19 official studies of the Joint Chiefs since 1944; each called for change. According to Army Chief of Staff E.C. Meyer, "virtually every student and practitioner has recommended that the JCS be strengthened." According to Congressional Research Service Senior Specialist John Collins, "calls for corrective action have fallen on deaf ears."

In 1982, a modest reform bill passed the House of Representatives but died with the adjournment of the 97th Congress before the Senate could take it up. Supporters of JCS reform labelled the measure disappointing; former JCS Chair Maxwell Taylor warned that its enactment might dissipate public sentiment for change while contributing little to the solution of the problem.

Public sentiment for change was never that strong. The JCS issue has low public visibility, and those who prefer the status quo have pressed their case fervently. A (rare) *Newsweek* article on the JCS concluded that "the disagreement is not between those who say the JCS works and those who say it doesn't, but between those who want it to work and those who don't." The "don'ts" have consistently won out and may continue to do so.

The Chiefs' joint support staff faces parallel conflicts. Officers serving joint duty must contend with constant pressure from their home services. They know that acts that serve the greater good but not their own departments may harm their careers when they return from their joint tours. "Talented officers," says former DoD official John Kester, "approach service on the JCS with the enthusiasm of sailors ordered to chip paint; most manage to find other things to do."

"I cannot stress this point too strongly," Jones concludes. "He who controls dollars, promotions, and assignments controls the organization—and the services so control."

Thus stymied, the Joint Chiefs diligently avoid controversy. Their work shows it. Kester has characterized JCS memoranda as resembling "the contract for the sale of your house, with numbered lines and carefully drafted circumlocutions designed to protect bureaucratic interests and conceal compromises."

Service parochialism and the impotence of the Joint Chiefs to deal with it threaten to turn the budget process on its head.

The best way to avoid controversy and ensure that the service's fiscal appetites are satisfied is to focus less on military strategy, which has no direct budget payoff, and more on missions and weaponry, which do. As a result, the planning process has become less an objective analysis of military challenges and possible solutions and more a search for interservice accommodation and after-the-fact rationalizations for favored weapons programs.

Notions of threat and strategy, the bases of budget planning, often serve predetermined mission and hardware desires rather than reflecting reality. "Since fresh approaches to strategy tend to threaten an institution's interests and self-image, it is often more comfortable to look to the past than to seek new ways to meet the challenges of the future," writes former JCS chief David Jones. "The result of this tedious process," he concludes, "is a defense budget that is derived primarily from the disparate desires of the individual services rather than from a well-integrated plan based on a serious examination of alternatives." Poor military advice hampers the work of civilian DoD officials, who must develop budgets and conduct planning without needed assistance. Former Defense Secretary Harold Brown testified before Congress in 1982 that formal JCS advice was "almost without exception not very useful or the reverse of being helpful. That is, worse than nothing."

Brown and others have stressed that the failures of the JCS do not reflect on the Chiefs as individuals. Former DoD official John Kester recalled being "struck . . . at how wise and talented they were as individuals and yet how ineffective was their organization."

Nevertheless, just-retired Army Chief of Staff E.C. Meyer has proposed radical changes in the JCS organization and warns that the increasing disparity between what the Chiefs say and the way things are threatens U.S. national security. In a similar vein, a long-range Air Force study underscored the need for better interservice cooperation in the future. "Stressing joint operations," it found, will become an "absolute requirement" in coming years.

Inadequate Strategic Guidance

The defense officials who convert military strategy and goals into concrete programs have a hard job. These so-called "programmers" must contend with fewer resources than they would prefer, diverse and abstract demands, and a need to discern priorities when priorities have not been clearly set. Most fundamentally, however, they must have a good notion of the goals they are trying to achieve.

According to defense scholars Barry R. Posen and Stephen Van Evera, "defense planners should ideally ask the big questions first—they should clarify basic aims and strategy before choosing forces and tactics; if they do not, their programs and policies run the risk of being incoherent and

uneconomical." Unfortunately, they continue, "in practice, defense policy is seldom properly matched to strategy, and clear strategy itself is rare."

Why? One reason is that interservice budget politics leads to a shortage of reliable advice for the civilian decisionmakers who set military goals. This has contributed to major overcommitments by civilian DoD officials of U.S. forces. Former JCS Chairman Maxwell Taylor cites the Carter Doctrine—threatening the use of military force, if necessary, to ensure U.S. access to Persian Gulf oil—as an example of a civilian promise that the military probably could not keep. It is unlikely, in Taylor's view, that the U.S. possesses the might to acquire and maintain control of the oil fields by force if that should ever appear necessary or desirable.

Former JCS Chair Jones offers the fiscal year 1984-1988 Defense Guidance as another example of civilian DoD officials' perennial tendency to ask for too much. He cites the Guidance's demands of simultaneously preparing for protracted nuclear war, preparing for a global conventional war, improving readiness, upgrading weapons, improving command and control networks, and fielding a rapid deployment force, among others. "Current guidance is so demanding," Jones concludes, "that developing truly coherent programs to carry it out is impossible even under the most optimistic budget assumptions."

The Secretary's guidance tends to be too vague as well, say others. An American Enterprise Institute analysis of the Reagan Administration's defense plans found that the strategies and threats presented did not go far enough "to distinguish degree of threat and probabilities of conflict," thus hampering priority-setting by the services. Weinberger's free-wheeling strategy instead amounted to little more than an admonition that "the Soviets are behind it all, and trouble could erupt anywhere, anytime . . . There is a lingering sense," the analysis concluded, "that the rationale offered so far has not measured up to the scale and scope of the Reagan defense program."

The failure to set strategic priorities threatens to make a similar failure in the programming phase almost inevitable. "Hard choices need to be made," argued a May 1982 *Washington Post* editorial, "and the Administration has thus far sidestepped these choices by embracing a strategic concept so broad that it can justify almost any new [weapons program] start by the military."

Overemphasis on Weapons

Defense programmers face a constant stream of ideas for new weapons, both from their own research and development people and from defense contractors. In a disciplined budget process only a limited number of new weapons projects would be approved at a time, in part to prevent hardware needs from swamping other priorities, such as the need for near-term troop readiness.*

If high hardware costs lead the services to curtail maintenance, training, and purchases of spare parts, there is a danger that unsupported weapons would be nearly useless in a time of crisis.

Despite this danger, the budget emphasis in recent years has shifted dramatically towards hardware development and production and away from support. In fiscal 1980, appropriations for the investment accounts (Procurement, Research, Development, Test and Evaluation, and Military Construction) consumed 36 percent of the total defense budget. By fiscal 1983 the proportion had risen to 45 percent. If Congress approves the remainder of President Reagan's budget plans, the House Budget Committee projects that the investment share of the defense budget will reach 52 percent by fiscal 1988.

According to the Congressional Budget Office, the Administration's budget plans will reverse the historic relationship between readiness (chiefly

*That is, the ability of our troops to engage effectively in battle today or in the near future. This is largely a function of existing stocks of weapons and spare parts used by trained personnel.

M1 Tank.

Free the Army 14

You can plant a thousand pine tree seedlings on an acre of land and, for a while, all might go well. As the trees get larger, however, they will start crowding each other for space. Unless some trees are removed to make way for the others, they will all do poorly. An October 1981 General Accounting Office report warned that the Army may face the plight of the forester who refuses to cut his trees.

Looking at 14 major weapons programs that had just entered or were nearing production, GAO questioned whether the Army would be able to afford to purchase and deploy all of them. Three of the systems had just entered production; the others were about to follow suit. Shifting a weapon from development to production is very expensive, and the period of transition has historically been a time of significant cost overruns. The cumulative effect of all 14 systems' entering production at nearly the same time would place enormous pressure on the Army's procurement resources, the report warned.

Even if the Army could *buy* all of the weapons, GAO still wondered whether the Army could *afford to own them.* "Fielding all 14 new systems during the next decade is likely to seriously strain the Army's available long term operation and support revenues," the report continued.

GAO found that the history of these programs illustrated a typical pattern for weapons programs in the budget. Past administrations, facing budget crunches, had stretched out 10 of the 14 systems in order to keep them all alive. In the last year of the Carter Administration, cost estimates for *production* alone of all 14 systems rose almost $16 billion, from $52.2 billion to $68.1 billion.

The Reagan Administration's early budget plans called for returning the stretched out programs to their original schedule, but DoD projected a still higher total cost of *$68.2 billion.* Within a year, cost overruns on the 14 systems had more than offset the savings that the Reagan Administration claimed for "unstretching" the procurement schedules. Moreover, GAO found that the new Administration was beginning to tamper with the new schedules, a possible harbinger of renewed stretchouts to come.

GAO also raised questions about the Army's ownership plans for their new systems. The Army, GAO reported, estimated that the 14 new weapons will require 23,000 more support staff over the next 10 years. "Also," the report found, "the people needed to maintain and support these systems will have to be more highly skilled because of the weapons' increased complexity." The weapons will place similar demands upon Army Operation and Maintenance funds as well, GAO found. "The Army," warned the report, "has not adequately evaluated its ability to provide operation and support resources for all the new systems."

Today, 12 of the 14 systems are in production. One of them, the controversial Pershing II missile, received a Congressional go-ahead for production with the enactment of the fiscal 1983 Supplemental Appropriation in July, 1983. The two others, the Standoff Target Acquisition System and the Roland Missile, have been cancelled.

Projected costs for the remaining 12 systems have continued to grow. Their estimated total cost now exceeds $78 billion, $10 billion more than the estimate for the original 14 systems in 1980. The Army, meanwhile, has *added* three new major programs to its procurement roster. Among them is a controversial $2.5 billion Army Helicopter Improvement Program. Total estimated price tag for the Army's major systems: almost $83 billion as of the end of 1982.

The Congressional Budget Office in November 1982 joined its sister agency in questioning the Army's preparations for supporting and maintaining its new weaponry. In the face of near certain cutbacks in the Administration's defense budget request, a new round of stretchouts and support reductions seems likely.

Operation and Maintenance and Personnel) and investment expenses in the next few years. In fiscal 1981 readiness items absorbed 53 percent of DoD's budget authority. By fiscal 1988, the Administration plans to devote only 42 percent to readiness.

The rising share of the Pentagon budget for modernization and the falling share for readiness means that DoD may be swapping today's preparedness for tomorrow's hardware. Weapons are useless without trained personnel to repair and operate them, buildings to house them, and spare parts to replace those that wear out. Tanks, jets, and other vehicles, for instance, consume billions of dollars' worth of fuel every year in peacetime. These support and manpower expenses, funded out of the Operation and Maintenance and Personnel accounts, contribute directly to near-term troop readiness.

Ironically, the Operation and Maintenance (O&M) and Personnel shares of the budget are declining at a time when demand for these resources is likely to be rising. Many new and technologically sophisticated weapons require more support than earlier models. For instance, a November 1982 Congressional Budget Office report found that the Army's new M-1 tank will cost 35 percent more to maintain than the M60A3 it replaces. The new Bradley Fighting Vehicle System may cost as much as 59 percent more to own than its predecessor. As these weapons move from development to production and deployment, they will place substantial pressure on remaining military funds.

Why the emphasis on hardware? DoD argues, with some merit, that investment in new weapons has fallen sharply over the past decade, and existing weapons may be becoming obsolete. This may explain some shift towards hardware procurement. Another, perhaps more likely, explanation for the tilt toward hardware may be that the services are exploiting the present military buildup. The historical ups and downs of defense budgets have taught DoD officials to exploit the ups as fully as possible. According to former DoD advisor William Kaufmann, "it is entirely understandable that senior officials of the armed forces, seeing the budgetary barriers lowered but remembering well the historical ebb and flow of funding for defense seek to order as much equipment as they can, while they can." Sweeping and vague guidance from the Secretary permits this attitude to dominate service budget planning.

When times are flush, the services can launch many new weapons programs. Compared to the expense of actually producing and maintaining a weapon, the costs of initiating its development are quite low. And once begun, a weapons program develops a political constituency that makes its cancellation difficult, if not impossible. Services, contractors, DoD officials, the President, and key Members of Congress all ultimately develop a stake in weapons projects. When the inevitable budget crunch comes, most weapons will have gathered sufficient momentum to stay alive, albeit often in modified form.

When defense budget cuts come, readiness accounts—particularly Operation and Maintenance—absorb the brunt of the reductions. Responding to a House Appropriations inquiry, Secretary Weinberger acknowledged in 1981 that it is "undeniably true that for many years military logistics accounts were slighted in favor of funding for R&D and procurement of weapons systems." According to Weinberger, "traditionally, there has been a strong lobby within the Pentagon, on Capitol Hill, and in industry for more force structure and modernization, but a relatively weak lobby for the logistics required to enhance near-term readiness." That lobby can and does resist efforts to cut the budget for new weapons and hardware. Conversely, as a Congressional staffer told the *National Journal*, "when you cut operations and maintenance or military personnel, we hardly hear a murmur."

Pentagon planners have long grappled with the surfeit of weapons programs. Weinberger's first Deputy Secretary of Defense, Frank Carlucci, acknowledged to a Senate Committee in 1981 that "too many systems compete for scarce resources," and, as a consequence, "we fail to fund the higher priority systems fully." Carlucci reiterated DoD's commitment to

deploy all weapons that enter full-scale development but said that a series of management reforms promulgated in 1981 should alleviate the problems that past administrations have faced in this area.

Early evidence suggests that Carlucci's optimism was not justified. A 1982 General Accounting Office report found that weapons programs have continued to proliferate under the present Administration. Between fiscal 1981 and 1983 the number of budget items in the Research, Development, Test and Evaluation, and Procurement accounts combined jumped from 1,872 to 2,110.

Excessive Use of Stretchouts

Not only do weapons compete with other elements of the defense budget, they compete with each other as well. The politics of weapons virtually forbids the cancellation of a project once it is ready for production, but the politics of defense budgets sometimes dictates that reductions be made. The solution, called a "stretchout," produces short-term fiscal savings but disrupts the acquisition process, increases long-term costs, and leads to curtailed purchases of ostensibly needed hardware.

A stretchout occurs when DoD or Congress extends—or "stretches out"—the procurement schedule for a new weapon. DoD plans to buy *fewer* weapons each year, for a *longer* number of years. This makes the weapons program appear cheaper on paper in the short run but generally makes it more expensive in fact. By building fewer weapons at a time, contractors lose economies of scale, driving up the price per weapon. Stretchout-induced overruns often become part of a vicious cycle: a cash shortage leads to stretchouts, which increase prices, which cause a new cash shortage, which leads to another round of stretchouts, and so on.

What happens when reality finally catches up with a stretched out weapons program? The services end up buying *fewer* weapons, and sometimes at a *higher* overall price. George Kuhn, writing for the Heritage Foundation, concluded that "the mismatch between acquisition goals and acquisition reality in the out years is at the heart of this country's inability to achieve decisive increases in military strength."*

Fiscal 1984 may mark a change in direction for the Reagan Administration's military plans. As Congress slows the pace of the buildup, it will be instructive to watch how the Pentagon responds to the competing demands of various elements of the budget for a share of the military pie.

Poor Cost Estimating

Anyone who has had his or her car repaired knows that estimates of the cost of work to be performed are frequently different from the amount on the final bill. The mechanic's response to our inevitable annoyance is that he or she does not really know what is wrong until work begins and cannot accurately gauge the cost of the repair without precise knowledge of what is involved. Fair enough, we reply, but why is the initial estimate *always* lower than the final price?

That, in a nutshell, is the problem with cost estimating for major weapons systems.

In 1979, the House Government Operations Committee found that the average weapons system wound up costing 50 percent more than the estimate made by DoD when the weapon entered full-scale development and 100 percent more than the estimate made when the weapon first underwent exploratory development. Former Army Under Secretary Norman Augustine, now president of Martin Marietta Aerospace and chairman of the

*Kuhn and others lay only part of the blame for rising prices and falling quantities on poor budget procedures. Another major culprit, they say, is the excessive complexity of new hardware. Kuhn writes that "complexity inherently magnifies most problems involved in budgeting: estimating costs becomes harder; engineering and support changes are increasingly needed to ensure system performance; production schedules tend to slip more easily due to the need for changes; quality increases are more costly; quantity decreases are more likely; thus unit costs rise further."

Defense Science Board, testified in 1981 that a weapons system has a *9 percent* chance of being completed within its initial estimate.

Despite the Pentagon's avowed efforts to be more accurate in its cost estimates, the Congressional Budget Office (CBO) predicted in 1982 that the Administration's present shopping list would, between fiscal 1983 and 1987, cost $109 billion more in budget authority than DoD has estimated. It attributed $61 billion of that to inflation underestimates and $48 billion to other "overruns."* If CBO is right, DoD will face a funding crunch even if the Administration gets every penny it is asking for. As with past budget shortfalls, DoD will probably respond with readiness cuts and procurement stretchouts.

Unit Price Increases and Quantity Decreases

Changes in Administration Procurement Plans Between February 1982 and January 1983

Weapon System	Quantity Decrease	Procurement Unit Cost Increase
Patriot missile	−21%	+30%
Stinger missile, Army	−54	16
Hellfire missile	−14	9
M-1 tank	−33	10
A-6E aircraft	−25	6
F-14 aircraft	−20	4
F/A-18	−13	1
SH-60B helicopter	−67	59
Trident I missile	−28	14
Tomahawk missile	−60	47
Sparrow missile	−43	40
Sidewinder missile	−22	14
Phoenix missile	−19	20
HARM missile, Navy	− 8	35
Laser Maverick missile, Navy	−53	95
Light Armored vehicle, Marines	−20	16
Captor torpedo system	−50	15
F-15 aircraft	−20	6
MX missile	−49	79
Sparrow missile, Air Force	−52	26
Maverick missile, Air Force	−43	32
C-5 aircraft	−60	40

Source: Congressional Budget Office

Testifying before the Senate on AH-64 helicopter overruns in 1982, Army Under Secretary James Ambrose observed that "it almost seems to be an institutional phenomenon that these projects start with gross underestimates by both government and contractor, usually followed by modest growth in estimates during the early phases, and then experiencing sharp increases toward the end of development and in the early production phases." In 1978, a Defense Science Board panel of DoD officials and contractors found that "the challenge faced is not one of improving cost estimates by a few percent—*the problem is to overcome gross underestimates which have been commonplace for several decades.*" (emphasis added)**

Besides hampering defense planning, poor estimates also frustrate Congressional review of Pentagon requests. Congress decides, based in part on the estimates, whether a weapon is necessary and whether it is affordable. Inaccurate estimates, noted House Government Operations Chairman Jaco Brooks, "effectively deprive Congress of the ability to make sound decisions on behalf of the citizens (who) ultimately pay these greatly increased costs." Yet the problem persists.

*In 1983, CBO revised its $48 billion overrun estimate to $69 billion. It did not at that time revise its inflation estimate.

**The chairman of that panel was Richard D. DeLauer, presently the Under Secretary of Defense for Research and Engineering.

The B-1: $26 Billion in Fifteen Months

A look at the recent cost history of the B-1B bomber illustrates just how quickly estimates can grow and just how political the numbers can be.

In January 1981, Rockwell International, the B-1's prime contractor, told the House Appropriations Defense Subcommittee that 100 B-1Bs would cost $11.9 billion in fiscal 1981 dollars. The estimate climbed steadily throughout the year. In May, the Air Force said the bombers would cost between $15 billion and $18 billion. Shortly thereafter, DoD said they would cost $19.7 billion (still excluding inflation). By the end of 1981, the Air Force, DoD, and Rockwell had settled on $20.5 billion, excluding inflation, as the final price. Taking inflation into account, the official B-1 estimate was $29.2 billion.

Surging B-1 estimates prompted Sen. Sam Nunn (D-GA) to introduce an amendment to the fiscal 1982 defense appropriation bill that required the President to certify the $20.5 billion estimate and provided for close tracking of B-1 costs. The amendment prevailed, and the President so certified January 18, 1982, according to *Congressional Quarterly*.

U.S. AIR FORCE

B-1 Bomber.

No sooner had the $20.5 billion certification been made than the estimate again fell under suspicion. At issue were unrevealed internal estimates prepared by the Air Force and by OSD's Cost Accountability Improvements Group (CAIG) which reportedly placed B-1 costs higher than the promised total. The Pentagon resisted attempts by Congress' General Accounting Office (GAO) and the House Appropriations Committee to obtain the estimates.

In a letter to House Appropriations Defense Subcommittee Chair Addabbo that explained the refusal, Defense Secretary Weinberger explained that the internal estimate "contains frank advice, opinion and recommendations from the staff which will be used to make budget and program formulation decisions for fiscal year 1984." Addabbo rejoined rhetorically on the House floor, "If they had nothing to hide, why would they refuse to submit the reports?"

Evidently in the face of a lawsuit by the General Accounting Office, DoD revealed the CAIG estimates, which showed that the Pentagon group pegged the B-1 program's price tag at $25.3 billion. According to the Congressional Budget Office, once inflation is added, the price, based on CAIG's estimate, will be $38.2 billion, or $9 billion more than the Administration's estimate.

Norm Dicks (D-WA), angered by what he felt to be DoD and Air Force manipulation of cost data in the cargo plane battle (See "The Great 1982 Airlift War," page 60), expressed further outrage over what he indicated to be more of the same. "It is my opinion based on the hearings we had last year that the Air Force will do just about anything in terms of manipulating the numbers in order to sell Congress on programs that it is advocating," he said. "To me it is a very serious indictment about their professional integrity, their credibility; it just says something about how off track we've gotten."

Why are early estimates so low? There are some technical reasons. A new weapons system poses unique engineering challenges. Procurement experts can know that things are not going to go exactly as conceived, but they cannot know exactly what will go wrong or how much it will cost. Similarly, planners can only guess what the actual rate of inflation will be five or six years into a project.

Technical problems cannot account, however, for the huge disparity between predicted and actual weapons costs. *More accurate estimates exist, but contractors and policymakers do not use them.* The Defense Science Board task force found that "grass roots" estimates made by contractors' employees were fairly accurate, while contractor's final predictions turned out to be substantially lower. DoD and each of the services have independent cost estimating offices. The Secretary's, known as the Cost Analysis Improvement Group (CAIG), has since its inception in the early 1970s "established a record of far more accurate estimations than the Services have," according to former DoD official Russell Murray. CAIG estimates, however, are not the basis for budget requests; the contractor-based service requests are. Moreover, the CAIG has the resources to do only a handful of estimates each year. A CAIG estimate recently led to a major altercation between Congress and the Pentagon over the B-1 bomber.

The Defense Science Board study panel found that excessive optimism is widespread in the present procurement process. In an unpublished letter to *Washington Post* reporter Morton Mintz, the late Gordon Rule, formerly the Navy's top procurement official, concurred: "The term 'overly optimistic' is one that military Project Managers and their supportive civilian services and Defense Secretaries constantly fall back upon to cover up unrealistically low bids . . . The line between 'overly optimistic' and plain lying is a fine one indeed." Similarly, a General Accounting Office official testified before Congress that *"Congress should take, with a great big grain of salt, the promises and cost estimates presented by DoD."* (emphasis added)

The practice of deliberately understating a weapon's projected cost is known as "buying in." Contractors buy in to win contracts from the services, and DoD does it to lure Congress into approving a new weapon. All involved must ultimately face the budgetary consequences down the road.

Why do they do it? Contractors do it in large part because the stakes are so high that they feel it is imperative to do whatever is necessary to secure contracts. In the typical weapons program, DoD holds a competition for an early development contract and then sticks with the victor throughout development and production. Contractors have only one shot at building the new weapon, a competitive situation that defense analyst Leon Reed calls "you bet your company."

DoD buys in for similar reasons. *National Journal* asked Sen. William Cohen (R-ME) what would happen if the Pentagon began submitting accurate estimates. His reply: "We'd say: 'out of the question! We can't possibly afford all of these systems. Go and cut some. . . .' "

DoD is particularly fond of understated inflation estimates because DoD is not responsible for them when they turn out to be incorrect. The President's Office of Management and Budget (OMB) tells the Pentagon what inflation predictions to use. The Defense Department will probably continue to enjoy low inflation estimates, as they are part of the administration's forecast on the economy in general, about which Presidents prefer to be optimistic.

"All administrations, in time of inflation, promise to do something about it," explained former defense official Russell Murray. "Having said that, they can hardly publish figures [elsewhere] that concede the failure of their programs in advance."

Bad cost estimates were a prime target of a series of management initiatives introduced in 1981 by then-Deputy Defense Secretary Frank Carlucci. Two recent DoD studies, however, suggest that the problem persists. An Air Force study called *Affordable Acquisition Approach* found that, even assuming dramatic improvements in cost estimating, the Air Force will

have to reduce its planned purchases by between 11 and 47 percent over the next five years to accommodate unplanned cost growth.

The second recent study, *Plans/Reality Mismatch*, was department-wide in scope and the source of some controversy. Written by DoD civilian analyst Franklyn Spinney, *Mismatch* concludes that service predictions that weapons production costs will decline over the life of the program rarely materialize.* Spinney's study called into question the notion that, as contractors gain experience with a new system, they will gradually learn how to produce it more cheaply. That expectation in part forms the basis for service cost estimates.

The Administration has sought to correct the inflation estimating problem by having the Defense Department use predictions that are specific to the defense industry. Until the recent recession, which produced lower inflation than anticipated (because the recession was worse than anticipated), the new inflation estimates for weapons evidently were better but *still* somewhat low.

Cost estimating is, like interservice rivalry, an old and difficult problem. One witness testifying before the House Armed Services Committee in 1982 quipped that "enough material has been written on the subject of cost growth to fill a Minuteman silo. Unfortunately, cost growth is still with us, and it is time for some serious efforts to be made to put existing machinery into action."

Failures of Executive Branch Oversight

The Defense Department employs over three million people, two-thirds of them military. Those persons are organized into dozens of contentious fiefdoms scattered all over the globe. It is unrealistic to speak of controlling a bureaucracy that large. The best that the President and his civilian officials can hope for is to succeed on a large percentage of issues of major concern to the Administration.

Given the military services' propensities to further their parochial goals at high costs, and given the Joint Chiefs' general inability to rise above bureaucratic politics, scrutiny by civilian officials is essential. Inside the Defense Department, this duty falls to the Secretary and other civilian officials; outside, it falls to the Office of Management and Budget. Despite the importance of their oversight role, officials both inside and outside the Pentagon face significant obstacles in second-guessing the choices of the military.

For the Secretary and his top staff, the problems boil down to lack of training and brief tenures in office. In a 1982 study of defense planning, John Collins of the Congressional Research Service found that only three of the 15 men who have served as Secretary of Defense since the post was created had significant prior experience in national security policymaking. Worse, while learning on the job would not be unreasonable to expect, "few passed the primer stage before their tenure was complete." Eight of the 15, Collins found, lasted less than two years. The situation is no better, he concluded, among the Secretaries' top-level subordinates. As a consequence, civilian inability to review rivalry-distorted service plans adequately "made sound decisions emerge by accident rather than design much of the time."

A recalcitrant service can usually outwait those officials that it cannot outsmart. Under President Carter, the Secretary of Defense rejected proposals for the B-1 bomber, AV-8B jet, and new nuclear aircraft carriers. Their resurrection under President Reagan, who favors these weapons, is testimony to the tenacity of the Air Force, Marines, and Navy, respectively. The Administration has requested a total over $8 billion for them in fiscal 1984 alone.

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*Spinney's bosses initially refused to permit him to testify before curious Members of Congress in early 1983. The ensuing altercation led to Spinney's highly publicized appearance before the Senate Armed Services Committee in March of that year.

The present administration has probably further hampered civilian oversight through its policy of decentralization—the return of budgetary decisionmaking power to the services. A broad range of onlookers has expressed doubt about the wisdom of such a move, particularly given the apparent absence of any systematic monitoring by the Office of the Secretary of Defense.

Pentagon civilian interests sometimes coincide with those of the services but differ from those of the President. The Office of Management and Budget (OMB) is responsible for reconciling most budgetary conflicts in such instances. As with the National Security Council (NSC), the importance accorded OMB's views is to a large extent a function of the personal relationship between the OMB Director and the President. There are, however, institutional constraints as well.

Critics argue that OMB's uniquely non-adversarial relationship with the Pentagon means that DoD's plans receive less careful scrutiny than those of other agencies. (The role of OMB in defense budgetmaking is explained on page 26.) Even though frequently less money is involved, other agencies must typically go to greater lengths than the Defense Department to gain OMB approval for their spending plans.

Even a more adversarial relationship would not compensate for another OMB shortcoming—lack of staff. In April 1981, there were 37 analysts in OMB responsible for the entire defense budget. Each budget examiner must oversee billions of dollars scattered over many programs. According to recent press accounts, the number of defense examiners has declined steadily in recent years. One OMB official estimated that, as of May 1983, there were "about 30" defense budget analysts, but a defense consultant familiar with OMB estimates that the actual number may be closer to 15.

Cuts in the OMB national security division may stem in part from examiners' discouragement over the diminished role in defense budgeting that OMB seems to have under President Reagan. OMB Director David Stockman's unsuccessful early battles with Secretary Weinberger over defense cuts, the President's intense personal interest in the military buildup, and Stockman's fall from grace after publication in the *Atlantic* magazine of candid and critical remarks by him about the Administration have combined to reduce OMB's say in military matters.

Summary of Key Points

- The defense budget process suffers from deficiencies that distort spending choices and lead to waste. An increasing number of critics, both liberal and conservative, are concerned that an extra dollar of defense spending no longer buys a commensurate amount of security.
- Unchecked interservice rivalry and service parochialism lead to distorted notions of threat and strategy, duplication of weapons, poor coordination, and waste. Some put the price tag for interservice rivalry as high as $50 billion per year.
- A major reason interservice rivalry is out of control is that the Joint Chiefs of Staff (JCS) are incapable of overcoming their individual biases toward the interests of their home services. The principal source of joint military advice for civilian officials and the President, JCS recommendations are often of limited utility because of these institutional shortcomings.
- Poor JCS advice contributes to a tendency by civilian defense officials to demand too much from the services in the *Defense Guidance*. Sweeping demands placed upon the services impede priority-setting by those who convert strategy into concrete programs.
- Budget politics encourage the Defense Department to purchase new weaponry in quantities out of proportion with other budget priorities, such as personnel, maintenance, and spare parts. The chronic overemphasis by DoD on hardware leads to reduced military readiness, cost overruns, and procurement stretchouts. This problem may be worsening under the present Administration.
- Politics also underlies DoD's chronic habit of underestimating the true cost of proposed weapons systems. Major systems cost billions of dollars and take years to develop and produce; cost estimates are generally too poor for Congress to make an intelligent judgment about the cost-effectiveness of a proposed new piece of hardware. Also, unrealistic estimates often lead to practices that accelerate cost overruns and impair readiness.
- The President and the Secretary of Defense have only limited control over the defense establishment. Civilian officials rarely stay in office long enough to enforce their decisions. The President's chief oversight agency, the Office of Management and Budget (OMB), has neither the staff nor the power to have a sustained influence over defense spending choices or practices.

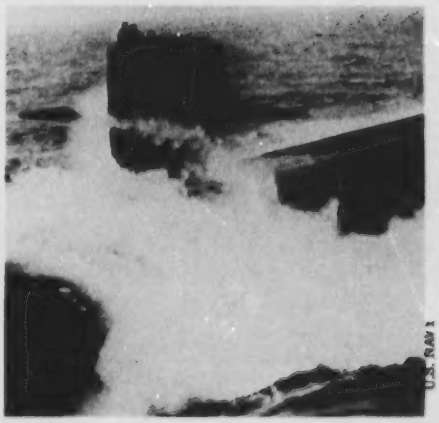
IV. Problems With The Defense Budget Process: The Congress

Nobody, it seems, is happy with Congress' role in defense spending. Complaints, however, take two seemingly contradictory tacks. The first is that Congress is too uncritical, inclined to give the Pentagon virtually everything it wants. The second, coming largely from the White House and the Defense Department, is that Congress is far too meddlesome, that it often usurps managerial and ministerial functions that are best left to DoD.

Recent history compounds the confusion. On the one hand, Congress clearly has been more inclined lately to delve into the specifics of the defense budget. The denial by Congress of production funds for the MX missile in fiscal 1983 represented the first defeat, however short-lived, of a major weapons system requested by the President since World War II. Moreover, Congress has greatly expanded its review powers over the defense budget in recent years.

On the other hand, not only has Congress kept the MX missile alive by granting the program over $2 billion in research funds, it also has assented to the bulk of the Reagan Administration's shopping list of aircraft carriers, bombers, battleships, tanks, and other new weapons, all in the face of a faltering domestic economy and rising public concerns that we are spending too much on the military.

The paradox of recent Congressional activity has spawned a third school of thought that synthesizes the first two: Congress devotes great amounts of energy to defense but often devotes it to the wrong things. For a number of reasons, Congress does not do a very effective job of reviewing the defense budget. Questions arise: Is Congress organized to effectively



Trident Submarine.

oversee military spending? Are Members using their new oversight muscles wisely? Does Congress *want* to do a better job? Answers to these questions are somewhat disturbing.

What, institutionally speaking, should we expect from Congress? In reviewing the Defense Department's spending plans, the Congress should exploit its overall perspective by making sure that individual choices are in harmony with broader objectives. Congress should ascertain that specific decisions—be they the MX missile, Operation and Maintenance funds for the Army, or a new Aegis Cruiser—fit into a coherent military strategy, which in turn fits into a federal spending strategy. That requires both adequate organization and process. It also means that Congress must be able to examine defense choices in an appropriate time framework.

Congress also must acquire and manage information that is vital to its decisions. Members' access to information has burgeoned in the last decade, but the question remains whether they use it effectively.

Finally, Congress must be willing and able to enforce its findings and decisions. It is of little use that an investigative subcommittee has identified wasteful or corrupt spending practices if Congress cannot bring them to an end. DoD must receive clear signals and consistent pressure in order to respond.

A Resurgent Congress and the Defense Budget

Over the past two decades, the Congressional phase of the defense budget process has undergone dramatic changes. Vietnam, Watergate, and a perennial struggle between Congress and the Executive Branch for power have led to attempts by Congress to reassert authority over national security policy and budget-making. The resulting growth in activity has been, in one observer's words, "nothing less than spectacular." Despite this increased activity, however, it is unclear whether Congress has succeeded in significantly improving its annual review of the defense budget.

The growth of Congress as an institution in recent years has been impressive. In 1947, all of Congress had 500 committee and 2,000 personal staff members. By 1979, those numbers had risen six- and five-fold respectively, to 3,000 and 10,000. The defense committees have received an ample share of this increase. In 1963, both Armed Services Committees had a total of eight professional staff members; today, the total is 44.

Congress has also expanded its information gathering and analytical resources. Older institutions, such as the General Accounting Office (GAO) and Library of Congress, received new mandates and additional staff, while new institutions have been created. The Congressional Budget Office (CBO), created as part of a 1974 comprehensive budget process reform, analyzes a variety of budgetary and economic issues. Despite its relative youth, many would agree with one observer's assertion that CBO's "data are typically regarded as the best source of budget numbers in Washington."

Aided by the explosion of staff and support resources, Congress has become more active in defense budgeting to the point that, as one observer noted, "budget requests may be increased or decreased, in part or in whole; rarely, however, will they be left alone." Congressional activism has grown both in the committees with direct responsibility for the defense budget, and among other Members as well.

One measure of this increased activity is the number and extent of hearings held on the defense budget by the Appropriations and Armed Services Committees. Testimony comes largely from DoD and service officials, and "tend(s) to trigger a greatly expanded volume of staff communications between Congress and the Pentagon." For fiscal 1963, the two Armed Services Committees held a combined total of 27 hearings

and published just over 1,400 pages of testimony. For fiscal 1983, the committees held 117 hearings and published over 22,000 pages.

These hearings may contribute to an increased tendency of the committees to make fine adjustments in DoD's submission. For example, during the fiscal 1979 Authorization process, Congress changed 100 line items, eliminated 30, and added 15 in the Research, Development, Test and Evaluation title alone.

Perhaps more significant, however, has been the increasing challenge *within Congress* to the preferences of the Appropriations and Armed Services Committees, who have historically sided with the Pentagon on most major issues. Floor challenges to the defense Authorization and Appropriation, once unheard of, became almost commonplace during the 1970's. In the Senate, between 1957 and 1967, there was an average of less than one floor amendment offered per year to the Armed Services Committee's authorization bill. Between 1968 and 1974, non-committee members offered an average of more than 20 amendments annually.

Yet few of these challenges ever succeed, a fact that highlights the paradox of the Congressional oversight revolution: despite significant increases in Congressional capacity and, seemingly, inclination to affect the defense budget, major changes in the DoD request are rare. Given the problems with the Executive Branch phase of the defense budget process, one would expect a vigilant Congress to have a greater impact.

Congress is deficient in each of the above dimensions. Consequently, it surrenders an important opportunity to participate in forging a rational, responsive, and efficient military budget.

Congressional Oversight Problems

According to former Congressional Budget Office analysts Nancy Bearg and Edwin Deagle, Jr., Congress has become more adept at overseeing all aspects of military spending except the most important one—what they call "force design." This refers to the relationship between the weapons and other things that we buy with the goals we are trying to achieve. The linkages between strategy and purchases are critical for Congress to evaluate, say Bearg and Deagle, "because they drive the defense budget, dominate the designs of weapons systems, and define the kinds of wars the armed forces will be able to fight." Although it is debatable whether strategic considerations do in fact play the role they should, "Congress at present simply does not have the institutional mechanisms to examine force design questions, with the result that oversight of overall defense policy is limited."

The committees that review the defense budget often treat issues in unrealistic isolation. Unlike the Pentagon, where the process at least tries to tie individual programs to broader missions such as airlift or strategic forces, the Congress faces isolated choices of weapons purchases, weapons research and development, operation and maintenance, and manpower. Retired Gen. Maxwell D. Taylor, a former Chairman of the Joint Chiefs of Staff, described this problem in testimony before the Joint Economic Committee in 1982:

> The Pentagon officials arrive on [Capitol] Hill laden with data to defend their budget by means of a line-by-line justification of the major programs of the military services. Their presentation and the ensuing cross-examination by Committee members usually focus on the big ticket items, particularly the new weapons projects which make the headlines and attract public attention. . . . In such a line item approach, there is little, if any, consideration given to how the weapon, aircraft, or ship under discussion fits into the integrated structure of the Armed

Forces or how it contributes to these forces in carrying out the strategic tasks which may be assigned them.

As a consequence, Taylor concludes, *"There is no way for Congress to know whether the budget is adequate, excessive, or insufficient."* [emphasis added] A defense writer put a similar idea somewhat differently: "Congress deals with strategy seldom—and then largely in spite of itself."

A major contributor to the Congress' inability to evaluate defense plans coherently is its lack of unbiased, systematic analysis of military issues. How likely is war in the Persian gulf? What are our foreseeable airlift needs in a crisis? How much will the B-1 *really* cost? What are the alternatives, and how much would they cost? Many hard questions need answering if Congress is to make intelligent judgments on defense spending.

Congress gets plenty of defense information but still does not get the information it needs to evaluate the defense budget properly. Rep. Les Aspin (D-WI) has written that today "most congressional offices are deluged with more information than they can absorb." Burgeoning staff, large support institutions, other oversight reforms, and the development of outside information sources have afforded members access to unprecedented quantities of information. In the absence of a reliable source of evaluation, however, this glut is more likely to foster confusion than clarity.

"As long as Congress fails to develop an internal capacity to counter [Pentagon] assertions," writes defense scholar Gordon Adams, "it must accept them with no more than token resistance."

One illustration of Congress' having plenty of information but not what it needs is the *Selected Acquisition Report* (SAR). Supplied quarterly by the Defense Department, the SARs give an indication of the progress of the 50 or so largest weapons systems programs that have reached full-scale development. (For a description of the weapons acquisition process, see page 22.) It is the single most important source of warning that a program is suffering cost overruns, delays, or performance problems. While SARs are the key document in oversight of weapons procurement, the Congressional Budget Office, the General Accounting Office (GAO), the House Armed Services Committee, and others have found that they are inadequate.

Critics have raised questions about the accuracy, completeness, and thoroughness of the SARs, but their greatest deficiency may involve timing. Because DoD has not listed weapons until they have reached the stage of full-scale engineering development, Congress has missed a chance to review the program during critical early years. The Secretary's go-ahead for full-scale development reflects a commitment by DoD to pursue the weapon's deployment; at that point, the program is already several years old. It is in the earlier "formative years," the GAO has found, "that judgments are made which affect the course of multibillion dollar programs for years to come." Others, including defense scholar Ted Greenwood, note that the full-scale development decision is politically significant; at that point, a mature bureaucratic, Congressional, and industry coalition has formed around the new system. In short, if Congress waits for a system to appear in the SAR before giving it careful review, it is probably too late.

Congress has upgraded the SAR and similar reporting requirements in recent years, but shortcomings persist. Recent legislation may require inclusion of programs at an earlier stage of development and prompt reporting of cost overruns.* An August 1983 report by the Congressional Budget Office found that the SARs "continue to contain incomplete, inaccurate, and conflicting information."

The SAR, moreover, is only one of 166 different annual reports that Congress requires of the Defense Department. A November 1981 General Accounting Office report concluded that Congress fails to make any systematic use of reports prepared by the Executive Branch. "As a result," the

*The new law, however, permits waiver of the SAR requirement for individual weapons at the discretion of the Armed Services Committees.

report continued, "performance of tasks overlap . . . and information gaps exist."

Another major source of the failure by Congress to evaluate defense plans carefully is the fact that the six committees with primary responsibility for the defense budget perform their functions in an organizational framework that not only fails to require a strategy-force connection, but seems to impede it. As it has evolved, the budget process calls upon the House and Senate Budget Committees to set an overall total, while the Armed Services and Appropriations Committees proceed directly to the business of dividing the total into specific weapon, manpower, and support choices.

Spending choices are made too frequently as well. Annual budgeting discourages the kind of long-range thinking that is essential to making sense of military spending. Budget experts Bearg and Deagle argue that this myopic approach is at the "core of the [congressional oversight] problem . . . Without the authority to plan sequences of decisions about programs through a multiyear budget, Congress has no way to digest force design planning, which is by its nature multiyear."

Appropriations and Armed Services— A Question of Turf

For the past two decades the defense budget process has been marked by a chronic and sometimes hostile rivalry between the Armed Services Committees and the Appropriations Defense Subcommittees. The chief result of this rivalry is an annual law written by the Armed Services Committees that mirrors the annual appropriation in form, scope, and detail.

Until 1959, the Armed Services Committees furnished very general, permanent authorizations. One, for instance, read in part that "[t]he Secretary of the Army may procure materials and facilities necessary to maintain the Army. . . .". Then, in 1959, Committees decided to require specific and annual reauthorizations for procurement of ships, aircraft, and missiles, beginning in fiscal 1962.

The first year of annual authorizations was also the first skirmish of the turf war between committees. A disagreement over funding for a bomber program prompted the Senate Appropriations Committee to move funds for the bomber from the Procurement account, which fell under Armed Services' jurisdiction, to the Research and Development account, which did not. The following year the new authorizations law was amended to include research and development funds.

The process of gradual accretion by the Armed Services Committee of jurisdiction over the defense budget has proceeded at a steady pace. Between 1959 and 1980 the authorization requirement was amended ten times, each change extending the committees' authority. The fiscal 1982 authorization covered for the first time the Operation and Maintenance account (historically the largest single account and, more recently, second to Procurement) increasing the Armed Services Committees' reach to embrace virtually the entire military budget.*

In 1971 one observer warned that the growing duplication of labor by the committees "strongly suggest the likelihood of an intra-legislative power struggle for the control of defense policy." Time seems to have borne out the prophecy. Recently, for instance, the Appropriating and Authorizing Committees clashed over fiscal 1983 funding for the A-10 attack plane and the Army's Multiple Launch Rocket System. In Decem-

Barry M. Goldwater
Chairman, Senate Armed Services Subcommittee on Tactical Warfare.

*The defense Authorization still does not prescribe dollar limits for personnel or military retirement, which absorb nearly 30 percent of the Pentagon budget. The annual Authorization does, however, set a ceiling on the number of troops each service may enlist and often amends military pension rules and requirements.

ber 1982, Sen. Barry Goldwater (R-AZ), who chairs an Armed Services subcommittee, sent a letter to Senate Majority Leader Howard Baker complaining that the expertise of the authorizing panel was being usurped by the Appropriations and Budget Committees, thereby "wreak(ing) havoc with the way we obtain weapons systems for our Armed Forces." Goldwater made clear his view of the role of the other committees in the defense budget process:

> I don't look forward to working the remaining years of my Senate term beating my brains out, trying my best to build the strongest military we can with the limited dollars we are going to get and, then to see the decisions twisted, avoided, disregarded, thwarted, and even changed by other Committees whose original purpose has nothing to do with the details of what we buy in the way of equipment for the military.

In focusing on turf, members are less likely to focus on policy. No less significant, the waste inherent in producing two parallel line-by-line spending plans for the Pentagon is huge. It means roughly twice as many hearing days, twice as many staff hours, etc. That represents a large block of Congressional resources that might otherwise be spent ordering the nuts-and-bolts into a coherent whole.

Another major problem is scattered committee jurisdiction over defense issues. Fragmented responsibility for policy areas is a common problem on Capitol Hill, but it is likely that none suffers more than defense. One study found that, in addition to the six principal defense budget panels, the broader national security issue sprawls into the jurisdiction of 16 Senate committees, 19 House committees, and dozens of subcommittees. Scattered jurisdiction means that no committee is likely to take responsibility for the "big picture," that is, broad issue areas like military policy or strategy. Rather, piecemeal programs are split up among the committees for action.

Examples of duplication include responsibility for the defense industrial base*, which is shared by the House and Senate Banking Committees, the Armed Services Committees, the Budget Committees, and the Joint Economic Committee. Weapons acquisition procedures presently face the scrutiny of the Armed Services Committees, the Budget Committees, the Appropriations Committees, the House Government Operations Committee, and the Senate Governmental Affairs Committee.

The most extensive duplication of effort occurs among the Armed Services and Appropriations Committees. While some duplication is inherent in the Congressional budget process and affects all policy areas, the size, short term, and great specificity of the annual defense Authorization leads to an enormous overlap during military budget review.

Each of the four committees conducts virtually identical account-by-account reviews of defense spending plans for the coming year. One indication of the magnitude of overlap can be found in the hearing records of the panels. Together, the principal defense budget panels published over 11,000 pages of hearings on the procurement and research and development portions alone of the fiscal 1981 defense budget. One set of joint hearings on the subject, as extensive as those of the House Armed Services Committee, could have reduced the hearing resources devoted to procurement and R&D by over 65 percent.

*The defense industrial base refers to the overall defense industry, including prime contractors, subcontractors,, and parts suppliers. Many defense planners believe that the health of the defense base should be a top military priority.

Congressional turf politics aggravates the situation. As is often the case when committee jurisdictions overlap, the panels involved with the defense budget have a history of conflict and distrust. While major policy differences among the defense budget panels are rare, Congressional infighting draws attention away from the merits of spending proposals and sometimes leads to inadequate review of Administration plans. Defense budget experts Bearg and Deagle note that an early effort by the Budget Committees to perform strategic analysis not being conducted by other committees met with vigorous and successful opposition by the Appropriations Committees. The Appropriations and the Armed Service Committees have had plenty of conflicts as well.

The problems that plague Congress in its efforts to review the defense budget significantly limit its ability to do an adequate job. Moreover, poor Congressional practices often hamper the Defense Department's budget planning and administration efforts. Senate Armed Services Committee Chairman John Tower, announcing a series of hearings to look into problems in defense decisionmaking to be held in the summer and fall of 1983, acknowledged that "it's a certainty that during the course of this inquiry we will uncover our own transgressions."

One example of Congress' making DoD's job needlessly difficult is redundant testimony required of defense officials before each of the defense budget committees. Multiple hearings on the same subject mean multiple appearances by Defense officials, who must take time away from their primary duties to talk about the same issues over and over. Former Deputy Defense Secretary Frank Carlucci, who left in January 1983, told the *Armed Forces Journal* that dealing with Congress consumed about 40 percent of his time. Similarly, a DoD research official told *Congressional Quarterly* that Congress "occupies more than 50 percent of the productive time of our best technical people at the laboratory and the full time of large numbers of technical people in Washington."

Hearings on Fiscal 1981 Defense Department Request for Procurement and Research, Development, Test and Evaluation

	House Armed Services	Senate Armed Services*	House Approps Defense Sub.	Senate Approps Defense Sub.	TOTAL
Witness Panels	33	33	20	9	95
Days of Hearings	29	28	19	4	80
Pages**	3,731	2,527	3,446	1,735	11,439

*Includes some unrelated material.

**Refers to number of pages in printed hearing record.

Source: Congressional Information Service

Keeping Congress informed is a legitimate and important part of Defense officials' jobs. It is unreasonable, however, to ask them to take time away from their primary duties to repeat themselves half a dozen times or more, as happens occasionally.

Duplicative hearings are not the only problem that affects DoD. Another is congressional turf rivalry, which sometimes leaves DoD planners caught in the middle of inter-committee skirmishes. For instance, the fiscal 1982 Appropriation contained $10 million for study of an airborne MX launching system. The Authorization, according to *Congressional Quarterly*, had forbidden precisely such research. Such conflicts and reversals can discourage long-range thinking at the Pentagon.

Congress has made undeniable gains in building its capacity to review and influence Pentagon spending patterns. Yet despite increased Congressional resources devoted to reviewing the defense budget, Congress has

failed to establish a framework within which they can be effectively or coherently employed. Without such a framework, the resources may go to waste.

Preoccupation with the Pork Barrel

Institutional weaknesses, moreover, are only part of the problem. Another set of issues relates to the question of whether Congress has the *desire* to oversee defense spending effectively. These issues deal not with the Congress as a whole, but rather with the Congress as a collection of individuals. What motivates Members to ask or not ask certain questions? What pressures do they face when deciding how to vote on various military spending measures? What influence do these pressures have on the results?

Some observers feel that these issues, more than the institutional ones, are the key to understanding Congressional behavior toward the defense budget. Rep. Les Aspin (D-WI), who served as a defense analyst under Secretary Robert McNamara, observed in a 1975 *Daedalus* article that, with regard to the defense budget, "conflicts in Congress are resolved more often than not by political pressure, not by any rational presentation of the issues."

Central to the politics of the defense budget is the fact that most Members are hesitant to second-guess the Pentagon on defense spending issues, despite the flaws in DoD's budget-making process. Rep. Aspin explains that "the weapons systems are complicated, people don't like to vote against defense measures, and there's always that lurking fear that there's some secret classified document which shows that this thing is really necessary and not just the pet project of some general."

While exceptions are becoming more numerous, Congressional deference to DoD spending choices is still the rule. In summing up Congressional activity for fiscal 1983, the *Congressional Quarterly* while noting the 7 percent reduction in the President's request and the freeze on MX and Pershing II production, concluded that "action on the fiscal 1983 defense budget amounted to a more energetic version of the usual trimming around the edges."

When a Member does display a keen interest in some detailed aspect of the defense budget, it often involves money for his or her district. Defense spending can mean thousands of jobs and millions of dollars pumped into the local economy back home. Recently, the combination of a recession with significant cutbacks in domestic spending has produced a powerful incentive for Representatives to seek economic assistance from the one sector of the federal budget that is booming—the military. While Members of Congress naturally try to help their constituents, a pork barrel* approach to the defense budget leads to wasteful spending and distorted priorities.

Among other effects, pork barrel politics contributes to the sanctity of weapons programs as opposed to other elements of the defense budget. This tendency becomes marked in the years when Congress reduces the size of the President's requested defense budget. When Congress cuts defense, Members prefer to cut across the board. This approach permits them to avoid the political risks of taking a stand on individual programs or infringing on other Members' favored weapons. Across-the-board reductions generally lead to procurement stretchouts and cutbacks in readiness as DoD also seeks to avoid the repercussions of cancelling entire weapons projects.

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*Political historians are divided over the origin of the term "pork barrel" to refer to the practice of using public funds to enrich Members' home states and districts. Some believe that the term comes from the notion of Members' "bringing home the bacon." Others believe that "pork barrel" refers to the large barrels of salted pork that constituted a major food source for cowboys, slaves, and soldiers in the 19th century. Mealtime around the pork barrel was often a scene of unceremonious jostling and grabbing for choice morsels, a situation that may have come to political observers' minds during Congressional debates over public works measures. Use of the term "pork" in a political context dates from the late 1800's, and use of "pork barrel" has been traced back as far as 1909.

Cutting the Defense Budget Responsibly—Some Challenges

Fiscal 1984 is one of those years in which Congress will cut the Administration-proposed defense budget. As discussed earlier, the Defense Department usually responds to short-falls by reducing readiness and stretching out procurement programs. The goal is to keep weapons programs alive. Congress is usually a willing participant in these practices, for largely the same reasons.

The weapons accounts are an enormous source of pork barrel opportunities. To advocate doing away with a program is to risk treading on colleagues' toes—something wise legislators learn to avoid whenever possible.

Weapons programs, moreover, are not that tempting to budget cutters for a technical reason. Because weapons take years to build, the Defense Department spends only part of a weapons appropriation in the same year that it receives it. In other words, outlays for a weapon in any given year are only a fraction of the weapon's budget authority. In fiscal 1984, for instance, the Army wants about $1.5 billion in budget authority for the AH-64 helicopter but intends to spend $162 million of it that year.

Outlays, not budget authority, are what budgeteers count when computing the deficit. It is outlays, therefore, that Congress seeks to cut when deficits loom too large. Weapons programs present a rather untempting target given the small outlays, and especially given the political repercussions.

All appropriations eventually become outlays, however. Sparing high budget authority/low outlay programs merely defers the problems to a later time. Worse, when outlays from weapons do mount, it is usually too late. A growing proportion of annual defense budget outlays, particularly for weapons, is coming from prior year appropriations. About 34 percent of the money that DoD will *spend* in fiscal 1983 was *appropriated* in earlier years. According to the Congressional Budget Office, that proportion is rising and will reach 43 percent by fiscal 1988 if Congress enacts the remainder of the Reagan buildup. While Congress could reduce outlays from prior year appropriations by enacting special rescission bills, the practice is rare. Hence, many consider outlays from prior year appropriations "uncontrollable."

A short-sighted approach to cutting the defense budget leads to readiness reductions and cost overruns. Worse, it only postpones the budget problem, rather than solving it.

Defense Secretary Caspar Weinberger charged recently that almost $3 billion of the fiscal 1983 budget consisted of Congressional add-ons unwanted by DoD. The Defense Department must also endure costly inefficiencies imposed by a pork barrel-minded Congress. A good example is military bases. Located all over the country, military bases provide jobs and economic stimulation to the communities in which they lie. Periodic efforts by DoD to consolidate or shut down bases for economic reasons invariably trigger heated opposition by affected Members of Congress. Often, the result is continued operation of superfluous or obsolete installations at very high costs.

Fort Dix, New Jersey, an Army recruitment and training center, is a notorious example. The Army has proposed closing Fort Dix for almost 20 years, arguing that the base is no longer needed and that it would save $16.2 million annually if they shut it down. Yet the base has endured. Fort Dix proponents argue that the Army could have chosen a South Carolina

base for closure, but South Carolina is well-represented on the defense spending committees, while New Jersey is not.

Instances of maintaining a base or building a weapon solely to satisfy a Member's constituency are rare. More common are defense spending decisions in which pork barrel considerations do not solely determine the outcome, but in which they certainly influence it. For example:

- Rumors that the Reagan Administration agreed to support continued funding for the A-10 attack plane, built on Long Island, in exchange for votes from the New York delegation on President Reagan's omnibus tax bill provoked the following outburst from Sen. Barry Goldwater (R-AZ): "Are we defending the United States, or are we defending districts in Long Island or Arizona?"
- The A-7, another attack plane, had for years been unwanted by the Air Force and DoD but was funded anyway through the efforts of Vought Corp., which built it; the National Guard, which flies it; and the Texas Congressional delegation, which represents the A-7's production sites. Congress finally stopped forcing the A-7 on DoD in fiscal 1982, but only after Vought had acquired enough other business to ensure its economic vitality.
- The recently established Congressional Military Reform Caucus, dedicated to improving military policy and practices, has been unable to reach a consensus on major defense cuts, especially weapons. The main reason, sources told the *National Journal*, is that "equipment is always made in somebody's district."
- The Senate Appropriations Defense Subcommittee included in its version of the fiscal 1983 budget a requirement that the Army divert part

The Great 1982 Airlift War: Part One

Nineteen eighty-two was a busy year for national security issues. Abroad, wars erupted in the Falkland Islands, the Persian Gulf, and in Lebanon. At home, a growing citizen's movement for nuclear arms control began to take on an Administration committed to planning for protracted nuclear war and to pursuing an unprecedented peacetime military buildup in the midst of a recession.

In the center of this maelstrom, however, Congress and the Pentagon devoted a great deal of their attention to the relatively obscure question of what kind of cargo planes to buy. In terms of the length, ferocity, or elaborateness of debate, few military issues captured more of Congress' imagination last year than the question of airlift.

The Winds of War

The great 1982 airlift war began in January, when the Defense Department announced that it had changed its mind about an earlier decision to develop a new McDonnell-Douglas cargo plane and would instead buy an updated version of the Lockheed C-5 Galaxy. That meant setting aside, for the time being at least, plans to build the new plane, designated the C-17, which had been chosen only months earlier, in August 1981. The turn-about was not a complete surprise; the Pentagon had encountered frequent resistance from Congress in its efforts to procure the C-17. The General Accounting Office, among others, had warned that DoD had not made an adequate showing of need for the airplane.

Others, both in the military and on Capitol Hill, were disturbed by the Pentagon's decision; the GAO itself, despite raising questions about the C-17, complained that the decision needlessly bypassed normal acquisition procedures that might have led to a less costly alternative.

Among members of Congress most displeased with the C-5B were representatives of districts that stood to gain from manufacture of the C-17. In January 1982, Missouri Senators John C. Danforth (R) and Thomas

F. Eagleton (D) issued a joint condemnation of the C-5B decision, and threatened to pursue the matter in the Senate Governmental Affairs Committee. Missouri is the home of McDonnell-Douglas, designated builder of the C-17.

As it turned out, however, it was not McDonnell-Douglas and its champions that proved most threatening to the Lockheed C-5B. It was instead the Boeing Corp., which entered the fray in March 1982 with an offer to sell DoD used, converted Boeing 747s instead of new Lockheed planes. Cheaper than C-5s, the 747 offer also looked good to financially troubled airlines who saw an opportunity to unload some of their unprofitable jumbo jets on the Pentagon.

The cargo plane controversy was blossoming as Congress was subjecting the entire proposed fiscal 1983 defense budget to its customary double scrutiny. To prevail, the Lockheed or the Boeing plane would have to clear two major hurdles—the annual defense authorization and appropriation bills. The authorization battle evolved into one of the fiercest political showdowns of 1982.

The Armed Services Committees, which write the defense authorization, rarely tamper much with Pentagon requests, and the C-5B purchase was no exception. Thus, when the Senate version came to the floor in May, it contained money for the Lockheed planes. While Senators rarely reverse Armed Services Committee recommendations on the floor, 1982 proved to be unusual.

By a vote of 60 to 39, the Senate deleted the C-5 funding authorization and directed the Air Force to buy Boeing 747s instead. The vote followed days of complex, sometimes vitriolic debate over the relative attributes of the two cargo jets.

The merits boiled down to the 747s' being cheaper and available sooner and the C-5s' being more versatile. Beneath the surface debate over airlift scenarios, cost estimates, and strategic doctrine, however, lay what many observers believed to be the real issue—politics.

"In [weapons] debates," wrote *New York Times* reporter Richard Halloran, "the place of manufacture and the associated jobs rather than the cost to the taxpayers and the effect on national security are the dominant issue even though the arguments center on what is good for the country."

A look at the factions in the C-5B vs. 747 fight seems to bear Halloran out. Key proponents of the Boeing option included Sens. Henry Jackson (D) and Slade Gorton (R) of Washington, home of Boeing; Sens. Robert Dole (R) and Nancy Kassebaum (R) of Kansas, where the 747 conversion work would be performed; and Sens. John Danforth (R) and Thomas Eagleton (D) of Missouri, who were hoping that deleting the C-5Bs would improve prospects for the C-17. Lined up for Lockheed were Sens. Sam Nunn (D) and Mack Mattingly (R) of Georgia, Lockheed's home. Corporations also took sides according to their economic interests, with Boeing subcontractors such as Northrop Corp. and financially troubled airlines with surplus 747s squaring off against Lockheed subcontractors.

Round One went to Boeing, partly because the entire 747 initiative evidently caught Lockheed and the Pentagon off guard. Boeing's willingness to oppose a final DoD decision was audacious to many and may have contributed to the Defense Department's lack of preparedness. "You could say this time we've rung the bell a little louder than usual," said one Boeing staffer to *The Washington Post*.

(Part Two of the Great 1982 Airlift War appears on page 65.)

C-5A Cargo Jet.

of its order for the new Multiple Launch Rocket System (MLRS) from the winning contractor, Vought Corp., to two of the losers, the Longhorn and Louisiana Army Ammunition Plants, both located in Louisiana. The requirement, made at the behest of Louisiana Senator Bennett Johnston, would cost an extra $100 million, according to the Army. The proposal received strong opposition from Arkansas Senators Dale Bumpers and David Pryor, in whose state the MLRS was originally to be built.

Pork barrel politics has often led DoD to turn Congressional proclivities to the Pentagon's own advantage. According to Leslie Gelb, national security correspondent for the *New York Times*, "it is standard Pentagon procedure to spread the wealth where weapons . . . may be imperiled." That approach, say many, was integral to winning support for the controversial and expensive B-1B bomber. Supporters of the B-1 include Democratic Senator Howard M. Metzenbaum, whose home state of Ohio stands to gain over $7 billion in prime contracts* from B-1 production, and Democratic Senator Alan Cranston, whose home state of California stands to gain over $12 billion. Rockwell, the B-1's prime contractor, has apparently managed to spread B-1 subcontracts to firms in over 300 Congressional Districts in 48 states.

The Navy and its contractors have also pursued a share-the-wealth political strategy with zeal. In the early 1970s, a Navy decision to base part of the Trident submarine fleet in Bangor, Washington, was, according to defense scholars John Steinbruner and Barry Carter, probably designed to win support for the Trident from Sen. Henry Jackson (D-WA). The Trident base is located several miles from the Pacific Ocean, and subs must ply a narrow, twisting, and vulnerable course to reach open water. "Though extremely bizarre in strategic terms," Steinbruner and Carter conclude, "there is a clear logic to the decision if one assumes that the purpose was to protect the current submarine design." More recently, Navy efforts to win support for two controversial nuclear aircraft carriers featured distribution on Capitol Hill of a state-by-state analysis of where the carrier money would go.

Lobbying Pressures--The Defense Department

A pork barrel approach to the defense budget is part of a broader environment of individuals and institutions pressuring Congress to satisfy their interests in the defense budget. Coming principally from contractors and the Defense Department itself, those pressures distract Members from the real issues at hand and distort the outcome of Congressional defense budget review.

Lobbying of Congress by the Defense Department—or by any other federal agency—is literally against the law. Nonetheless, DoD and most other federal agencies are active on Capitol Hill, and whatever one calls what they are doing, it appears to influence legislation.

The criminal provision is Section 1913 of Title 18 of the United States Code, which prohibits any appropriated funds to

> be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of such legislation or appropriation. . . .

Similar injunctions appear in the civil code and in the annual DoD appropriation bill.

These laws have virtually never been enforced. Moreover, they all contain a loophole: they do not prohibit contact between legislators and DoD

*This total overstates somewhat the direct economic benefit to the home states because prime contractors typically subcontract part of the work to out-of-state firms.

A Congressional Catch 22

Congressional reluctance to cancel new weapons programs requested by the Pentagon leads to a catch 22 in the oversight process: early in the evolution of a new weapon, Congress might be able to cancel it, but so little money is involved that it never seems worth the bother. By the time a weapon is suffering expensive cost overruns or performance problems, however, it has usually attained unstoppable political and bureaucratic momentum.

Until a weapon reaches the mass production stage, Congress examines it as part of the Research, Development, Test and Evaluation (RDT&E) budgets for the services. A new weapon may not even have a name. Instead, it may be listed generically as an "advanced fighter" or "attack submarine." Annual costs for each system are relatively low in the early stages, though they still may consume millions, or tens of millions, of dollars per year. In a budget that is measured in hundreds of billions of dollars, these embryonic weapons systems are generally poor candidates for close Congressional scrutiny. Moreover, Members are reluctant to deny the Pentagon the R&D funds the latter claim they need to maintain military parity with our adversaries.

Ironically, by the time a weapon costs enough money to warrant close attention, it has acquired a political and bureaucratic constituency that makes cancellation virtually impossible. Before a weapon enters production, it goes through a stage called full-scale development. During that stage, contractors are chosen to build and test the weapon and to prepare it for mass production. The Secretary of Defense must approve the entry of all major weapons into this phase, and his approval signals the department's commitment to see that system through production and deployment. The choice of contractors sets the stage for formation of a constituency of Members of Congress whose districts now clearly stand to gain from the new program.

While entry into full-scale development can be the critical turning point in the life or death of a weapons system, Congress rarely takes note of the event. One reason is that, while full-scale development of a weapon costs more than early development, it costs significantly less than mass production. For instance, the Navy has requested $1.5 billion to pursue full-scale development of the Trident II missile in fiscal 1984. The Navy projection for fiscal 1988, when the missile is scheduled to be in production, is $4.3 billion. Also, full-scale development funds come out of the politically less visible RDT&E budget, as opposed to the more prominent Procurement budget, which pays for mass production of weapons.

Politically incapable of terminating weapons that have reached full-scale development, Congress instead resorts to the familiar practices of stretching out procurement schedules and trimming support expenses when problems arise or money gets tight. Until Congress learns to inject itself earlier into the weapons acquisition process, it may have no other choice.

made at the request of the legislator. This is not considered lobbying; rather, it is considered "legislative liaison." The loophole does not by any means go unexploited.*

*An example of the Air Force's exploiting the legislative liaison loophole came during the 1982 Congressional battle over whether to buy Lockheed or Boeing cargo planes. When the Air Force wanted to respond to a pro-Boeing letter circulated by Washington Rep. Norman Dicks, Lockheed got Rep. G.V. "Sonny" Montgomery (D-MS) to request an Air Force response. Later, Lockheed distributed widely the resulting letter to Montgomery.

Marketing the defense budget involves impressing Congress with the urgency of the need for what has been requested, maintaining good relations with Members, and getting the votes needed on key issues. DoD has developed sophisticated methods of achieving these goals. Few of these methods have anything to do with the merits of the defense budget, and some involve costly outlays that are ultimately borne by the taxpayer.

Legislative liaison offices—each service and the DoD has its own—are a key to winning budget battles. According to General Accounting Office estimates, the four offices spent over $7.4 million in the performance of a variety of services to Congress in fiscal 1981. Much of what these offices do is clearly legitimate, desirable, and a boon to both DoD and the legislative process. A significant percentage of the service liaisons' work involves helping Members answer constituent inquiries. But much of what these offices do is more questionable. Some of what they do comes perilously close to crossing the line drawn by 18 U.S.C. §1913.

The military services, often through their legislative liaison offices, dispense a wide variety of favors to Members. Those favors maintain good will among legislators, who, it is hoped, will be favorably disposed toward budget requests when they arise. Among recent examples of Pentagon "goodies":

- The Air Force flew three planeloads of Members, spouses, and aides to the 1983 Paris Air Show, at a cost estimated in the hundreds of thousands of dollars.
- The Air Force spent over $24,000 to fly Sen. Barry Goldwater (R-AZ) from Phoenix to St. Petersburg, Florida, to attend the Doolittle Tokyo Raiders' Association 40th reunion.
- The Air Force also spent over $31,000 flying then-Sen. Harrison Schmitt (R-NM), Sen. Pete Domenici (R-NM), then-Rep. Richard White (D-TX), and a coterie of aides to the first space shuttle landing in March 1982. In addition, more than $4,000 went for incidentals such as cab fare and "refreshments."

According to *U.S. News and World Report*, documents obtained through a Freedom of Information Act request revealed that DoD spent over $2 million entertaining Members of Congress, staffs, and spouses during fiscal year 1982. The Air Force's 89th Military Airlift Wing, they found, ferried 35 senators, 111 Representatives, 21 spouses, and "scores of Capitol Hill staffers" during the same period. Such favors, the magazine concluded, "call into question ways that the Pentagon can employ its power to influence legislation."

The biggest "goody" of all, of course, is contracts for the home district, and the services have repeatedly demonstrated significant political acumen. Evidence of this includes DoD's politically strategic distribution of contracts. Liaison officers make sure that the aroma of pork does not escape Congressional nostrils. A rare glimpse of just how sophisticated Pentagon liaison activities can be recently emerged from the debate over Pentagon proposals to buy a new generation of Lockheed C-5 cargo planes.

In July 1982 *Defense Week* disclosed evidence of other sophisticated Navy liaison practices. The periodical published the Navy's legislative rating of all members of the Military Reform Caucus, based on seven Senate and nine House votes of key interest to the Navy. The ratings were part of a memorandum on the caucus prepared for top Navy and Marine brass.

The revelation provoked a strong reaction on Capitol Hill. Sen. William Cohen (R-ME), who scored 100, said on the Senate floor that "elected officials should not have to feel that every vote is being placed under the careful scrutiny of military judges who are rating their friendliness on defense issues." Sen. Gary Hart (D-CO) charged that "it's an obvious attempt to intimidate elected officials." Hart received a score of 43.

Sen. Ted Stevens (R-AK), who chairs the Senate Defense Appropriations Subcommittee, received a 57. "I think Congress is getting tired of the Defense Department winking at the law forbidding the use of public funds to lobby Congress," he said on the Senate floor. Members have asked both

The Great 1982 Airlift War: Part Two

In Round One of the great 1982 airlift war (see page 60), Boeing Corp. and its allies in the Senate caught the Pentagon and the Lockheed Corp. off guard and managed to obtain a surprise victory during debate over the fiscal 1983 defense Authorization. The result was a provision ordering the purchase of Boeing 747s in place of the Lockheed C-5B cargo planes that the Pentagon had requested.

Boeing lost its surprise advantage, however, when Round Two, House debate over the fiscal 1983 defense Authorization, began. The 747 supporters this time confronted a phalanx of Lockheed partisans, not the least active of which were the Air Force and Defense Department themselves. In the summer of 1982, the already tense debate over cargo airplanes erupted, according to the *Armed Forces Journal*, into "one of the hottest firefights Washington has seen in years."

For its part, Boeing, in concert with key Members, continued to pursue its earlier, successful strategy of mobilizing subcontractors, 747 operators, and others with an interest in the 747 purchase. Lockheed followed suit by cultivating corporations such as General Dynamics and Colt Industries. Even Arthur Young and Associates, Lockheed's auditor, entered the fray on its client's behalf.

Meanwhile, the Defense Department evidently sought to break up the Boeing coalition, starting with Boeing itself. One Boeing official told *Congressional Quarterly* that "we've gotten many calls from high-ranking military people questioning our judgment on this." *Armed Forces Journal* reported that Boeing chairman T. Wilson received threats from Under Secretary of Defense Richard DeLauer that the company would be punished through cancellation of contracts and programs favorable to Boeing:

> Wilson reportedly said, "I assume it'll all be done legally and ethically."
>
> DeLauer, according to the Boeing official, responded, "It'll certainly be legal. Ethically? I can't comment."

Boeing allies received similar treatment. *Armed Forces Journal* also reports an incident following pro-747 lobbying by Fairchild Industries of House Armed Services Committee member. Some weeks later, Fairchild sent a letter withdrawing its support for Boeing, which began in essence, "We are delivering this letter at the direction of the Air Force. . . ." Lockheed, meanwhile, sought neutrality from airlines which stood to gain from a 747 buy, suggesting that they stay out of military affairs.

Both Boeing and Lockheed also retained former Congressmen to assist their lobbying efforts. According to *Political Finance/Lobby Reporter*, Boeing hired former Rep. Thomas L. Ashley (D-OH), and Lockheed engaged former Rep. Charles E. Wiggins (R-CA), both for the airlift war. Former Members can be especially potent lobbyists by virtue of their expertise, inside contacts, and access to the House floor.

Round Two went decisively to Lockheed. The full House rejected an amendment similar to the one passed in the Senate by a vote of 127-289, more than a 2-1 margin.

The C-5B Group

What happened? For one thing, the C-5B forces were better organized. Just how elaborate the effort to save the Lockheed planes became was revealed in late June, when a Lockheed computer printout obtained by the Project on Military Procurement, a private watchdog group, was

released to the press. The printout was a record of lobbying strategy and assignments to be performed by Lockheed and the Air Force in preparation for the House debate.

The printout revealed what the General Accounting Office termed as "an extensive and cooperative effort" by Lockheed, the Air Force, DoD, and others to secure House approval of the C-5B purchase. Lockheed and its allies met three or four times a week during the period covered by the printout, May 24 to June 14, to plan and carry out lobbying activities that included:

- A letter to key House Members, initially drafted by Lockheed and signed by Defense Secretary Weinberger, in support of the C-5Bs;
- Arrangements to have Lockheed, other corporate lobbyists, and sympathetic Members of Congress visit other Members,
- Arrangements for the Air Force to have a C-5A demonstration at Andrews Air Force Base near Washington just before House debate;*
- An Assignment for Atlanta mayor and former Rep. Andrew Young to "work" the Congressional Black Caucus;
- Arrangements to have top-level Air Force and DoD officials speak on behalf of the C-5B in House hearings.

All told, the Lockheed document calls for contacting over 260 Members of Congress by Lockheed, the Administration, "about two dozen" Members, and more than 40 corporate allies, according to one *Washington Post* account.

In a report dated September 29, 1982, GAO concluded that the Air Force's and DoD's participation in the C-5B group violated a civil law which prohibits "the use of appropriated funds for publicity and propaganda purposes designed to influence legislation pending before the Congress." GAO referred the case to the Justice Department on the question of whether a second criminal law prohibiting the use of appropriated funds for lobbying was also violated.

GAO and others observed that the activities of the C-5B group were not unusual. According to GAO, "Air Force and OSD officials stated that the actions taken to promote the C-5B program were similar to those taken for other large Defense programs such as the B-1 Bomber. . . ." Morton Mintz of the *Washington Post* quoted then-Air Force procurement chief Lt. Gen. Kelly Burke as saying, "You're just wrong if you think this is a highly unusual happening . . . all you're seeing is democracy in action. This is the way the system is supposed to work."

Only time will tell what kind of cargo planes we will ultimately buy, or how many, or for how much. With hard work and luck, we will never need to put their utility to the test. The manner in which they will have been purchased, however, does not bode particularly well for those who wish to control defense spending in an intelligent manner. Lockheed seems to have won the great 1982 airlift war, but it seems that the rest of us may be among the losers.

*GAO found that the demonstration cost the Air Force $70,000.

the General Accounting Office (GAO) and the Justice Department to investigate for possible violations of anti-lobbying laws.

In June 1983 the GAO reported that Navy Secretary John Lehman had ordered that compilation of Congressional indices be discontinued. The report did not indicate whether the Navy had broken the law. While all traces of the Navy's political index were destroyed, the GAO found that the other services all monitored Congressional behavior on issues of key interest. Testifying before the House Government Operations Committee, Milton Socolar, Special Assistant to the Comptroller General, noted that computer-

ized legislative tracking systems, to which most agencies have access, make political indices like the Navy's relatively easy to produce. Given that legislative tracking by agencies may at times be inappropriate, Socolar recommended that "the Congress may wish to begin considering whether a statutory definition of acceptable legislative liaison practice is in order."

Lobbying Pressures—The Defense Industry

In addition to the Defense Department, the defense industry is a major source of political pressure. While the extent of their influence is subject to debate, and while they often provide valuable information to Members of Congress, defense contractors can have a significant and sometimes pernicious effect on the defense budget process.

Defense contractor influence on Congress is limited by the fact that Congressional control over defense spending is limited. By the time a weapons expenditure is large enough to warrant Congressional attention, chances are that that system has outlived its competitor weapons within DoD. Assuming that Congress agrees that a new DoD-proposed weapon is necessary (it virtually always does), companies can influence little more than the quantity of weapons to be purchased and the program's procurement schedule.

That is not to say such influence is unimportant. Defense industry lobbyists encourage Congress to "keep things alive that ought to die," according to former DoD official Jacques Gansler. "Industry lobbying," concluded *Congressional Quarterly*, "makes it difficult to kill programs that are past their usefulness, to oppose new weaponry or to challenge cost overruns."

In this connection, contractors contribute to the broader problem of encouraging an overemphasis on hardware, to the exclusion of strategy or other components of the budget (such as Operation and Maintenance). This displeases a broad range of observers. Richard Sellers, director of the hawkish American Security Council, complained to *Congressional Quarterly* that contractors "are so attuned to next week's allocation of government money that they're not looking to the long-range national security interests of the country." Robert Pirie, former Assistant Defense Secretary, complained that "mundane matters such as keeping the lights lit, the floors swept, and the spare parts bin full get pushed aside."

Also, while observers agree that defense lobbyists are less likely to be offering a free trip to the Bahamas than detailed analyses of their weapons' performance, there is enough of the former sort of activity to be disturbing. What is more, the cost of much of this lobbying activity is borne by the taxpayer through government contracts.

The first major challenge of contractor lobbying is to get in the Member's door, and one of the the best keys for unlocking Congressional doors is campaign contributions from contractor-sponsored political action committees (PACs). According to Federal Election Commission records, the top 18 defense contractors* disbursed through their PACs almost $2.4 million to Congressional candidates in the two years prior to the 1982 Congressional elections. Of that, $1.8 million went to successful candidates.

In 1980, *Congressional Quarterly* reported that defense company PAC contributions "show a pattern of pragmatism." PAC contributions, it found, favored incumbents on the Armed Services Committees and Appropriations Defense Subcommittees. Defense PACs also contributed heavily to Members with plants in their districts or states, "cementing a constituency relationship." Third on the list of favored recipients were "pro-defense, pro-business" candidates.

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*That is, the 18 contractors receiving the largest shares of defense contracts in fiscal 1982.

U.S. AIR FORCE

Richard D. DeLauer
Under Secretary of Defense for Research & Engineering.

The Defense Department Revolving Door

Close cooperation between contractors and services is common during defense budget fights, as the story of the Lockheed C-5B illustrates (see page 60). This spirit of cooperation is not surprising, given that many of the individuals involved in defense spending issues have moved back and forth between positions at DoD and jobs with the defense industry.

"This circular flow," according to defense expert Gordon Adams, "creates a community of shared assumptions about policy issues and developments." While it is also probably true that the revolving door permits government to take advantage of private sector expertise, the potential for conflicts of interest can be high. The result may be a blurring of the distinction between public and private interests and objectives. In the end, Gordon Adams told *Common Cause Magazine*, "what you get is a bunch of people who only speak to each other, who never even feel the need to consider alternatives."

The Iron Triangle, Adams' 1981 book, is the most recent study of the revolving door between the Pentagon and the defense industry. Examining eight of the largest defense contractors, Adams found that between 1970 and 1979 over 1,600 individuals transferred from DoD jobs to positions with one of the eight firms. During the same period, 223 persons moved in the reverse direction, from the contractors to the Defense Department.

Recent examples of movement through the revolving door include:

- Lt. Gen. Hans Driessnack was, before his July 1983 retirement as assistant vice chief of staff for the Air Force, involved in an Air Force investigation of overcharging for aircraft spare parts by the Pratt and Whitney division of United Technologies. According to *The Washington Times*, Driessnack has since become director of technology for United Technology's Washington office.
- Gen. Alton D. Slay served as Commander of the Air Force Systems Command before retiring in 1981. According to *The Los Angeles Times*, he has since become a consultant for at least nine major defense contractors.
- Lt. Gen. Kelly H. Burke held the post of top Air Force procurement official until his 1982 retirement. Burke has since teamed up with his predecessor at the Air Force, Lt. Gen. Thomas Stafford, and a former Air Force legislative liaison to form a Washington consulting firm that caters to defense contractors. Burke told the *St. Louis Post-Dispatch* in April 1983 that the new firm already represents six of the ten largest contractors.
- Deputy Defense Secretary W. Paul Thayer left his post as Chairman of the LTV Corp. in January 1983 to take his present post. The Deputy Secretary of Defense is the number two position in the Pentagon hierarchy.
- Navy Secretary John Lehman left a position as a partner in a private defense consulting firm. According to *The Los Angeles Times*, clients included the Northrop Corporation, TRW, Boeing, and other major contractors.

The Pentagon is supposed to keep track of movement through the revolving door as a result of a law enacted by Congress in 1970. That provision, which requires reports from individuals both entering and leaving service at DoD, has never been well enforced. A 1975 study by the Council on Economic Priorities found that about one-third of those individuals covered by the reporting provision had failed to comply.

In 1982, *Common Cause Magazine* found that many new Pentagon appointees had ignored the reporting law. Among those who had not reported were Defense Under Secretary for Research and Engineering

Richard D. DeLauer, who left TRW Inc. after 21 years to take his present post; Deputy Under Secretary of Defense for Strategic and Theater Nuclear Forces T.K. Jones, who left the Boeing Co.; Under Secretary of the Navy James Goodrich, who was chairman of Bath Iron Works. All of the individuals cited in the *Common Cause* article subsequently filed reports.

The Defense Department has asked Congress to repeal the statutory reporting requirement because, they claim, it is too burdensome and costly. Congress has resisted thus far, largely due to the efforts of Sen. William Proxmire (D-WI), who authored the revolving door rule in 1970.

A Common Cause analysis of contribution data for the 1981-1982 election cycle suggests little has changed. House Appropriations Defense Subcommittee members, for instance, received an average donation of almost $16,000, compared to an average of just over $2,800 for the House as a whole.

Another access tool of defense contractors is the use of former Members of Congress and Hill staffers to plead their cases. These individuals already have personal ties to incumbent Members and staffers and can exploit those ties. Former House Members can sometimes even carry their clients' cases onto the House floor.*

Recently, former Reps. Richard Ichord (D-MO) and Bob Wilson (R-CA), both former House Armed Services Members, have formed the Washington Industrial Team, a specialized lobbying outfit apparently devoted to defense issues. The group represents nine contractors, including seven of the 10 largest. Of the 26 largest defense contractors in fiscal 1981, half have retained former Congressional personnel as lobbyists.

Defense contractors spend large sums of money on Washington representation and, disturbingly, have been reimbursed for significant portions of it by the government. Until recently, these reimbursable expenses included lavish goodies for Members comparable to, and sometimes exceeding, those bestowed by the military.

Common Cause Magazine afforded a glimpse of some of these activities in an August 1981 article, "The High and the Mighty." Based on documents obtained through the Freedom of Information Act, the article found that while DoD was concerned that reimbursing contractors for lobbying expenses might not be legal, it could not come up with a workable definition of "lobbying." Consequently, a broad array of gray-area activities were routinely charged to weapons contracts.

Common Cause Magazine found contractors had charged Washington representatives' salaries, promotional materials, and related expenses to the government. In all, the Defense Contract Audit Agency identified over $2 million in "questionable" lobbying expenses charged to contracts by only 10 contractors in 1974 and 1975.

More recently, investigations into lobbying for the Lockheed C-5B in 1982 revealed just how expensive contractor politicking could get. The General Accounting Office (GAO) found that *in three months,* Lockheed spent $496,000 for lobbying and over $265,000 for (non-reimbursible but tax deductible) advertising, the latter primarily consisting of full-page ads in *The Washington Post, The New York Times,* and other major newspapers. Of that, GAO estimates that Lockheed might be able to recover about $288,000 of its lobbying expenses by charging it to existing defense contracts. Boeing, GAO found, spent $21,800 for lobbying and $78,000 for advertising. (GAO's conclusions were based on contractor estimates.)

*House rules do, however, prohibit former Representatives from pleading their cases on the floor during debate on the issue in question.

Summary of Key Points

- Despite significant improvements in its budgetary oversight capacity, Congress is still incapable of assessing the relationship between defense goals and spending choices. A major contributing factor to this incapacity is the lack of independent and reliable Congressional defense analysis. Also contributing to this problem are haphazard and overlapping distribution of responsibility among committees, short-range focus, and poor information management.
- Use by Congress of the defense budget as a pork barrel for the enrichment of home districts and states distracts Members from more important issues and leads to wasteful Defense Department programs and practices.
- DoD and the defense industry often draw Congressional attention away from the merits of military spending issues through political pressure. The Pentagon's legislative liaisons, other officials, and contractor-paid lobbyists often mount sophisticated and sometimes cooperative political campaigns in favor of desired programs. These activities may lead to procurement of unneeded weapons and probably contribute to the overemphasis on hardware in the defense budget.

V. Toward An Agenda for Reform

Does the defense budget relate in a sensible way to national security goals? Are important trade-offs adequately examined? Have policy-makers taken care to solve defense problems in a fiscally responsible manner? The combined failures of the defense budget process lead one to answer each of these questions in the negative.

The Defense Department probably could put together a more credible defense budget request than it does now, but will not. Congress cannot assemble a reasonable defense budget on its own, and there is little reason to believe it would if it could. Each player in the process ensures that his or her interests are served, but no one takes responsibility for the long-term consequences of this behavior. Physicist and defense consultant Richard Garwin has warned participants in the budget process against the consequences of their parochialism: "looking through these crooked spectacles, each of us sees himself above the other while we all go down the spiral together."

A New Consensus for Reform

A successful effort to improve military budgeting will have to combine a number of key elements. It will require a President and Secretary of Defense who are committed to change and who are willing and able to deal, over a period of years, with the inevitable bureaucratic and political resistance. It will require dedicated and talented managers in the Defense Department and the military services to implement new policies. It will require a steadfast and vigilant Congress that is willing to examine Pentagon practices carefully, and then see its findings through. Finally, it will require a knowledgeable and active public to work with the Congress and to help

overcome political resistance in the legislative arena.

History suggests that mustering the will to reform will be the hardest part of correcting the process. Defense Science Board chairman and Martin Marietta president Norman Augustine summed up the challenge thus:

> The easiest task . . . is that of identifying the symptoms of the problems. It is somewhat more difficult to identify the problems themselves, and harder yet to determine the solutions. *But it is incredibly more difficult still to make any of it happen.* (emphasis added)

Many of the problems with the defense budget process are well-known and many years old. In many cases, the same can be said for proposed remedies. Reformers have attempted to institute many of these solutions at one time or another, but the constituency for change has rarely been able to overcome the constituency for the *status quo*.

While the problems that plague the defense budget process are deep-seated and complex, there is hope for constructive change. The individuals presently expressing concern about the defense budget process represent a broad range of political perspectives. Today, the constituency for change potentially brings together Democrats and Republicans, hawks and doves, military officers and civilians, traditionalists and reformers—a diverse group who may agree on only one thing: the defense budget process must be improved. The congruence in the critics' concerns, and often in their proposed solutions, creates a rare opportunity to lay the foundation for significant reform.

Reforming the Process—Essential Steps

There is no single solution to the failures of the present defense budget process. Effective reform efforts will have to address multiple causes in a number of institutional settings. Following are some key points of departure for constructing and implementing an agenda for change:

Establish Clearer, More Realistic Defense Goals. The persistent mismatch between policy and budget plans finds its roots in the failure to set forth clear and realistic military and foreign policy objectives. The present Administration is not the first to have failed to articulate adequately its defense strategy. Given the size of the present military buildup, however, vague and overbroad strategic guidance may lead to unprecedented levels of waste and duplication in the defense budget.

Former JCS Chairman David Jones and the American Enterprise Institute are among those who have taken the Administration to task for its failure to delineate clear and realistic military objectives. A February 1983 letter to House Budget Committee Chairman James R. Jones (D-OK) from former officials Robert S. McNamara, McGeorge Bundy, Cyrus Vance, and Elmo R. Zumwalt, Jr. raised similar concerns.

Rethink Roles and Missions. The present distribution of roles and missions among the services is 35 years old. The global situation and war-fighting technology have changed markedly in the intervening decades, and the current organization of the U.S. military may not be appropriate in light of that change. Moreover, roles and missions constitute the bureaucratic turf upon which many interservice budget battles take place. Obsolete though it may be, the present arrangement of roles and missions thus has an enormous effect on defense spending choices.

A number of defense experts believe that the failure to adjust the distribution of roles and missions over time has exacerbated interservice rivalries and led to fundamental distortions in the defense budget process. According to *The Christian Science Monitor's* Brad Knickerbocker, adherents to this view include Vincent Davis, director of the University of Kentucky's Patterson School of Diplomacy, and former Under Secretary of Defense for Policy Robert Komer. Reallocation of roles and missions would require a formidable long-term effort by a determined and politically adept Defense Secretary, but such an effort could pay off enormously in improved defense planning.

Reform the Joint Chiefs of Staff. The current paralysis of the Joint Chiefs as an institution undermines the foundation of threat and strategy upon which the military budget is supposed to be built. The Chiefs should be able to give objective and credible interservice advice on military matters. This role, however, is compromised by the Chiefs' need to protect the parochial interests of their home services.

As JCS Chairman and Army Chief of Staff, respectively, both David Jones and E.C. Meyer proposed significant changes to the Joint Chiefs organization before leaving office. Jones proposed strengthening the Chairman and upgrading joint staff and interservice training. Meyer proposed "decoupling" the Chiefs from their home services, that is, severing the function of top military advisors to the Secretary of Defense and the President from the function of day-to-day managers of the military services.

The nub of the JCS problem is that the Chiefs must constantly choose between the parochial interests of their individual services and more general national needs. By removing that perpetual conflict of interest, Meyer's proposal merits close attention. Jones' proposals and those of others also deserve scrutiny.

Other proponents of JCS reform include former Secretaries of Defense Harold Brown and Robert McNamara and former JCS Chairman Maxwell Taylor. Reform measures have received editorial support from such publications as *Armed Forces Journal* magazine and *The Christian Science Monitor.*

Cancel Unnecessary and Low Priority Weapons Systems. The overemphasis on hardware procurement leads to relative shortages of funds for personnel and support activities, thus calling into question the military utility of the weapons should a crisis erupt. Moreover, there is evidence that many weapons contribute little to our national security but exist largely by virtue of the political and bureaucratic forces that support them. To reduce waste in the defense budget and enhance near term readiness, defense policymakers must be willing to cancel marginal programs. This problem has provoked expressions of concern from, among others, the Heritage Foundation, former DoD advisor William Kaufmann, former Carter Administration Under Secretary of Defense for Policy Robert Komer, and former DoD officials Walter Slocombe and John Kester.

Improve Cost Estimating. Bad weapons system cost estimates trigger a shortfall-stretchout-overrun spiral that leads to higher weapons costs and reduced numbers of weapons in the American arsenal. Where multibillion dollar weapons programs are at stake, one must expect contractors and services to be highly optimistic about projected costs. It is unreasonable, however, for defense budget-makers to base spending plans on the chronically low estimates that result.

Most critics agree that a long-term solution must feature reform of the weapons acquisition process to eliminate some of the incentives that now encourage contractors and military services to buy in on major contracts. In the meantime, however, budget planners must find a source of more accurate cost estimates.

A 1978 report by a Defense Science Board task force studying the weapons acquisition cycle recommended that the Office of the Secretary of Defense perform independent cost estimates on all major weapons proposals. Other experts have concurred. The most likely source of more useful estimates is the Defense Secretary's Cost Analysis Improvements Group (CAIG), which has a record of producing better cost estimates than the military services, but which has only enough staff to perform a few estimates each year. By requiring a CAIG estimate for all major weapons systems, Congress could get a better idea of what a program is likely to cost, thus reducing the need to resort to wasteful and expedient measures in later years.

Advocates of improved cost estimating include the General Accounting Office, the Congressional Budget Office, the Heritage Foundation, former JCS Chairman David Jones, Sen. Charles Grassley (R-IA), and defense scholar Gordon Adams.

Strengthen Congressional Review. Congressional review of the defense budget has improved in recent years but is still far from adequate. As an institution, Congress must examine the defense budget in relation to the goals that the budget is to support. A number of persons, among them former JCS Chairman Gen. Maxwell Taylor, have recommended that Congress significantly change its approach to defense budget review. Taylor's approach would begin by setting out explicit military goals and then examining various combinations of personnel, hardware, and material that might achieve them. That would permit Members of Congress to debate weapons and other specifics in a clearer, more rational context.

Similarly, Congress needs to make better use of defense information. Despite having significant resources at its disposal, Congress often fails to evaluate military spending questions effectively. The Center for Defense Information and others have proposed establishing a Congressional Office of Defense Analysis to provide independent assessments of defense issues, much as the Congressional Budget Office does now for the federal budget as a whole. A new office could take advantage of existing personnel and resources that are presently scattered among the General Accounting Office, Congressional Budget Office (CBO), Congressional Research Service, and elsewhere. Alternatively, a significantly expanded office could be created within CBO to deal with defense issues.

Another source of concern is year-at-a-time defense budgeting, which makes it virtually impossible for Congress to evaluate or adjust long term budget plans. Erratic spending patterns lead to commensurately erratic *de facto* military policy and frustrate DoD planning as well. Also as a result, expedient measures like stretchouts and readiness reductions are all the more tempting. The obvious remedy for this problem is multiyear budgeting by Congress, which has been advocated by a number of individuals, among them Defense Secretary Caspar Weinberger, Sen. Sam Nunn (D-GA), and former Navy Under Secretary R. James Woolsey.

Institutional reform might also include improving the allocation of responsibility among the defense budget committees. The present arrangement is uncoordinated, inefficient, and incomplete. Moving away from minutely detailed annual defense Authorizations might free up Armed Services Committee resources to explore broader and more potentially far-reaching issues than now tends to be the case. At a minimum, joint defense budget hearings might significantly reduce the amount of time that DoD officials must now devote to redundant appearances on Capitol Hill.

Reduce DoD and Contractor Pressure on Congress. Institutional reform alone is unlikely to have much impact unless it is accompanied by efforts to limit the influence on Congress of the Pentagon and the defense industry. Limits on spending by political action committees and public financing of Congressional campaigns can reduce political pressure by contractors.

Other measures to reduce Pentagon pressures on Congress might include enacting and enforcing more practical and effective anti-lobbying laws than those now on the books and restricting the flow of favors to Members of Congress from the military.

Former JCS Chairman Gen. David Jones has warned that "the bureaucratic resistance to change is enormous and is reinforced by many allies of the services—in Congress and elsewhere—who are bent on keeping the past enthroned." While the present system may have some short-term beneficiaries, without needed reforms we will all ultimately lose. An alliance for change must come forward to challenge the *status quo*, and must persist, probably for years, until change prevails.

Appendix I: Key Sources for Defense Budget Research

Congress and the Executive Branch publish a variety of valuable sources of defense budget information. Most are updated regularly and are free. One word of caution: while there is only a handful of authoritative sources of budget information, there are many inconsistencies. *Armed Forces Journal* magazine, for instance, found a $7.3 billion discrepancy among three different DoD documents that contained the Navy's proposed fiscal 1984 budget.

Even when numbers are accurate, one must still contend with technical differences in presentations by various sources. Some give budget figures in total obligational authority, while others give them in budget authority. Some presentations are in constant dollars (i.e., adjusted for inflation), while others are in nominal dollars (i.e., actual money).

The President's Budget Request

Published each January by the Office of Management and Budget (OMB), the *Budget* is the official statement of the President's federal budget request to Congress. It contains a summary of key justifications for the Administration's request, by budget function. For fiscal 1984, the book devotes nine pages to the national defense function (050). Tables present the request in terms of budget authority and outlays and break it down by appropriations account and major program. Also included are past appropriations and future spending plans.

Three supporting documents accompany the *Budget* each year. *The Budget in Brief* is a cursory overview of the President's fiscal plans. The fiscal 1984 edition is 86 pages long and devotes two pages to defense. A *Special Analyses* volume presents detailed examinations of selected federal budget issues; it does not address defense this year, though it has in past years and presumably will again in the future. Finally, the phone book-sized *Appendix* volume is an extremely detailed breakdown of the entire federal budget and gives proposed appropriations bill language along with the exact text of existing spending laws.

Copies of these documents may be obtained for a fee from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The Secretary of Defense's Annual Report to the Congress

Released each year with the President's budget, the Secretary's annual report is the definitive public statement of official U.S. military budget policy. The report is a detailed compendium of the Defense Department's proposed budget, along with supporting materials that explain DoD's proposed military policies. Charts, graphs, and appendices present the Pentagon proposals by appropriation account, by major program, in real dollars, in nominal dollars, in Total Obligational Authority, and in outlays. Other materials explain the Department's assessment of the threat to national security and DoD's strategy for addressing it. One particularly useful

appendix defines all of the acronyms that DoD uses; it is 11 pages long.

Single copies of the annual report are free, as are most DoD documents. Members of the press can obtain copies from the Defense News Office, OASD(PA), the Pentagon, Room 2E757, Washington, D.C. 20301, phone: (215) 695-0192. Members of the general public should direct their requests to DoD's Public Affairs Office, Staff Assistant for Public Correspondence, OASD(PA), the Pentagon, Room 2E777, Washington, D.C. 20301. The office's phone number is 202-697-5737.

Other Defense Department Budget Documents

The Defense Department and the services release a number of detailed breakdowns of their budget request each year. In January or February, the Joint Chiefs of Staff release an annual *Posture Statement* that parallels the Secretary's report, and each Service Secretary issues a report on his or her department. In addition, some civilian officials publish reports on activities under their purview. For instance, Richard DeLauer, Under Secretary of Defense for Research and Engineering, issued a detailed report in March 1983 on DoD's proposed fiscal 1984 research, development, and acquisition plans.

For weapons systems, DoD releases four reports of particular interest, three of them annually. The first, *Program Acquisition Costs by Weapon System*, lists planned procurement, research and development, and military construction expenses for each weapon for the upcoming year and the two preceding. The document also gives a brief summary of what the weapon does and lists for each the prime contractors. A second publication, *Procurement Programs (P-1)*, lists all procurement programs by service. Each listing includes the request for the upcoming year, the anticipated request for the year after that, and the amounts appropriated in the two preceding years. It also gives the projected unit cost for each program in the coming year. Warning: figures in the P-1 often differ from those in *Program Acquisition Costs*. Where conflicts occur, it is unclear which source is more accurate.

The final annual guide to weapons programs, *RDT&E Programs (R-1)*, does for research and development projects what the *P-1* does for procurement. The *R-1* is arranged by service and by major program within each service.

Selected Acquisition Reports (SARs) are released quarterly by the DoD Comptroller's office, and include the Department's most recent estimate of the acquisition costs for the 50 or so largest weapons programs, along with explanations for changes in past estimates. SARs also include voluminous and generally classified information on the status of these programs. The media and general public can obtain "sanitized" versions of the SAR summary, several pages of useful weapons cost data, from the Pentagon news or public affairs offices listed above.

Congressional Budget Office Documents

Many view the documents issued by the Congressional Budget Office (CBO) as the best independent source of defense budget analysis. CBO, while taking most of its primary data directly from the Defense Department, is free of the political and institutional biases that sometimes becloud the credibility of every administration's sources. That permits CBO, for instance, to use economic and other assumptions in their analyses that would be politically difficult for DoD or the President. As an added bonus, most CBO documents are free.

CBO releases a multi-volume analysis of the President's federal budget request every year, usually in February. This year's report is in three parts. Part I presents an overview of the state of the economy and prospects for the future. Part II, *Baseline Budget Projections for Fiscal Years 1984-1988*, presents broad spending projections over the coming five years and discusses the macroeconomic effects of alternative spending and taxing strategies. The focus of the defense discussion is on the role of aggregate military spending in the overall budget and economic picture.

Part III of CBO's fiscal 1984 report, *Reducing the Deficit: Spending and Revenue Options*, discusses defense issues in some detail. The report devotes about 35 pages to alternative approaches to cutting the defense budget, including specific budget cutting options. Among CBO's possibilities: cancelling the Army's DIVAD gun, reducing F-15 purchases, and cancelling the F/A-18 in favor of increased A-6E purchases. Past editions of Part III have focused on reducing military waste by improving management of defense programs.

CBO does not recommend particular courses of action. CBO's options are intended to offer militarily and fiscally sound alternative approaches to reducing the defense budget for the Congress to consider.

In addition to their annual budget report, CBO isssues a steady stream of reports and analyses on selected topics. Among recent defense-related reports were analyses of the effect of defense spending on the economy; the December 31, 1982, SAR; and the budgetary ramifications of the Administration's plans for a Rapid Deployment Force. To obtain single copies of specific reports or a catalog of all CBO reports, write to the Publications Office, Congressional Budget Office, House Annex No. 2, Washington, D.C. 20515, or call 202-226-2600.

Documents Published by Other Arms of Congress

Congress has three other sources of in-house defense analysis besides CBO. The General Accounting Office (GAO) releases dozens of investigative reports each year on various aspects of defense spending and management. Studies range from analyses of individual weapons systems to studies of Pentagon contracting, accounting, and management procedures. GAO reports are generally prepared in response to inquiries by Members of Congress and are typically available to the public.

The Congressional Research Service (CRS) produces a number of reports, analyses, and other materials on a variety of military spending topics. CRS reports, unlike those of GAO, rarely make recommendations and are designed to present a neutral analysis of broad public policy issues. The Office of Technology Assessment

(OTA) performs essentially the same mission as CRS, but focuses on selected science and technology issues. Among OTA's recent defense-related projects was a study of alternative basing modes for the MX missile. Like CRS, OTA draws no conclusions in its studies.

Single copies of reports and listings of GAO documents are available free of charge from U.S. GAO, Information Handling and Support, P.O. Box 6015, Gaithersburg, Maryland 20877. The phone number is 202-275-6241. CRS documents are generally *not* available to the public, but bibliographies and individual reports can often be obtained by requesting them from the office of a Representative or Senator. Summaries of OTA reports are available free of charge from the Publishing Office, Office of Technology Assessment, U.S. Congress, Washington, D.C. 20510, phone 202-224-8996.

Congressional Committee Documents

As it wends its way through the Budget, Armed Services, and Appropriations Committees, the defense budget leaves a trail of paper, much of which is valuable to anyone interested in military spending.

Most plentiful among the variety of committee publications are records of hearings held by the key panels each spring and published in volumes throughout the remainder of the year. Buried within the thousands of pages of testimony before the various committees is a wealth of valuable information on the defense budget. The Armed Services Committees and Appropriations Subcommittees call before them every major DoD official to discuss and defend different aspects of the budget. Except for classified material, hearing records include a complete transcript, including testimony, questions asked by Members, and prepared answers by the witnesses. Sometimes valuable related material is inserted by witnesses or by the committee; the fiscal 1982 House Appropriation record, for instance, contained an unpublished investigation by the committee into DoD procurement practices.

Unfortunately, committees do not always do a very good job of indexing their hearing records, and finding specific information can be difficult. Often, however, the time spent flipping through these volumes is well rewarded.

When each committee completes its assigned defense bill, it issues a report. Armed Services and Appropriations Committee reports are detailed statements of how the panels expect the Defense Department to spend its money in the coming year. The report expresses the sense of the committee on specific weapons and R&D projects, management practices, and other military spending issues.

After the defense budget measures have received final consideration by the full House and Senate and the two houses have reconciled their differences, a joint conference report explains the measure in its final form. The conference report serves as an important guide to Congressional intent on the act.

Most Congressional documents are free. Committee hearings and reports are available from each committee. Relevant addresses and phone numbers are as follows:

House Budget Committee—Publications Director, House Budget Committee, Room 214, House Annex No. 1, Washington, D.C. 20515, phone 202-226-7217.

Senate Budget Committee—Publications Director, Senate Budget Committee, 203 Carroll Arms, 301 1st St., N.E., Washington, D.C. 20510, phone 202-224-0642

House Armed Services Committee—Publications Dept., House Armed Services Committee, 2120 Rayburn H.O.B., Washington, D.C. 20515, phone 202-225-4151.

Senate Armed Services Committee—S.R. 222A, Senate Armed Services Committee, Washington, D.C. 20510, phone 202-224-8632.

House Appropriations Committee—Room H218, Capitol, Washington, D.C. 20515, phone 202-225-2771.

Senate Appropriations Committee—Room S128, Capitol, Washington D.C. 20510, phone 202-224-3471.

Copies of defense budget bills and laws are available from the House or Senate Document Rooms. These offices also carry copies of all published committee reports. Their addresses are: House Document Room, Room H226, Capitol, Washington, D.C. 20515, phone 202-225-3456; and Senate Document Room, SH B04, Washington, D.C. 20510, phone 202-224-7860.

Periodicals and Privately Published Works

Several periodicals devote attention to defense budget issues. Among the best are *National Journal* and *Congressional Quarterly* (CQ), both of which cover defense issues along with the activities of the entire federal government. CQ follows the defense budget closely as it receives Congressional consideration; articles summarize changes made to the President's request at each step of the way, from the budget resolutions to the defense appropriations bills. Both journals publish frequent topical analyses of defense budget issues. They are thorough, accurate, and objective. Both are indexed.

Other periodicals which report defense budget news are *Armed Forces Journal International, Defense Week,* and *Aviation Week and Space Technology.* These magazines cater largely to defense specialists, officials, and industry members. They are more timely and cover defense issues in greater detail than *National Journal* or *Congressional Quarterly,* but also editorialize more.

Subscriptions to these periodicals are expensive; some cost several hundred dollars per year. They are available, however, at many public and university libraries.

Two privately published books may also be helpful to defense budget researchers. The Institute for Policy Studies has published a *Research Guide to Current Military and Strategic Affairs,* which covers all aspects of national security but devotes considerable attention to military spending issues. An excellent starting place for defense budget research, it is available from the Institute for Policy Studies, 1901 Q St., N.W., Washington, D.C. 20009.

The second book, *The Guide to the Federal Budget,* is a primer on the entire federal budget and the Congressional phase of the budget process. The book describes the process both as it appears on paper and as it tends to unfold in reality. It also explains how to read Congressional and execu-

tive branch budget documents. The fiscal 1984 edition is published by the Urban Institute Press, 2100 M St., N.W., Washington, D.C.

Appendix II: Members of Key Congressional Committees, 98th Congress

(As of September 1983)

Members of the Budget Committees

HOUSE

James R. Jones, (D-OK), Chairman

Jim Wright, (D-TX)
Stephen J. Solarz, (D-NY)
Timothy E. Wirth, (D-CO)
Leon E. Panetta, (D-CA)
Richard A. Gephardt, (D-MO)
Bill Nelson, (D-FL)
Les Aspin, (D-WI)
W.G. (Bill) Hefner, (D-NC)
Thomas J. Downey, (D-NY)
Brian J. Donnelly, (D-MA)
Mike Lowry, (D-WA)
Butler Derrick, (D-SC)
George Miller, (D-CA)
William H. Gray, III, (D-PA)
Pat Williams, (D-MT)
Geraldine A. Ferraro, (D-NY)
Howard Wolpe, (D-MI)
Martin Frost, (D-TX)
Vic Fazio, (D-CA)

Delbert L. Latta, (R-OH)
Bud Shuster, (R-PA)
Bill Frenzel, (R-MN)
Jack F. Kemp, (R-NY)
Ed Bethune, (R-AR)
Phil Gramm, (R-TX)
Lynn Martin, (R-IL)
Bobbi Fiedler, (R-CA)
Willis D. Gradison, (R-OH)
Tom Loeffler, (R-TX)
Connie Mack, (R-FL)

SENATE

Pete V. Domenici, (R-NM), Chairman

William L. Armstrong, (R-CO)
Nancy L. Kassebaum, (R-KS)
Rudy Boschwitz, (R-MN)
Orrin G. Hatch, (R-UT)
John G. Tower, (R-TX)

Lawton Chiles, (D-FL)
Ernest F. Hollings, (D-SC)
Joseph R. Biden, (D-DE)
J. Bennett Johnston, (D-LA)
Jim Sasser, (D-TN)

Mark Andrews, (R-ND)
Steven D. Symms, (R-ID)
Charles E. Grassley, (R-IA)
Bob Kasten, (R-WI)
Dan Quayle, (R-IN)
Slade Gorton, (R-WA)
Gary Hart, (D-CO)
Howard M. Metzenbaum, (D-OH)
Donald W. Riegle, (D-MI)
Daniel P. Moynihan, (D-NY)
J. James Exon, (D-NE)

Members of the Armed Services Committees

HOUSE

Melvin Price, (D-IL), Chairman

Charles E. Bennett, (D-FL)
Samuel S. Stratton, (D-NY)
Bill Nichols, (D-AL)
Dan Daniel, (D-VA)
G.V. (Sonny) Montgomery, (D-MS)
Les Aspin, (D-WI)
Ronald V. Dellums, (D-CA)
Patricia Schroeder, (D-CO)
Abraham Kazen, Jr., (D-TX)
Antonio B. Won Pat, (D-Guam)
Beverly B. Byron, (D-MD)
Nicholas Mavroules, (D-MA)
Earl Hutto, (D-FL)
Ike Skelton, (D-MO)
Marvin Leath, (D-TX)
Dave McCurdy, (D-OK)
Thomas M. Foglietta, (D-PA)
Roy Dyson, (D-MD)
Dennis M. Hertel, (D-MI)
Marilyn Lloyd, (D-TN)
Norman Sisisky, (D-VA)
Richard Ray, (D-GA)
John M. Stratt, Jr., (D-SC)
Frank McCloskey, (D-IN)
C. Robin Britt, (D-NC)
Solomon P. Ortiz, (D-TX)
Ronald D. Coleman, (D-TX)
William L. Dickinson, (R-AL)
G. William Whitehurst, (R-VA)
Floyd Spence, (R-SC)
Marjorie S. Holt, (R-MD)
Elwood H. (Bud) Hillis, (R-IN)
Robert E. Badham, (D-CA)
Bob Stump, (R-AZ)
Jim Courter, (R-NJ)
Larry J. Hopkins, (R-KY)
Robert W. Davis, (R-MI)
Ken Kramer, (R-CO)
Duncan L. Hunter, (R-CA)
Thomas F. Hartnett, (R-SC)
Daniel B. Crane, (R-IL)
David O'B. Martin, (R-NY)
John R. Kasich, (R-OH)

SENATE

John G. Tower, (R-TX), Chairman

Strom Thurmond, (R-SC)
Barry M. Goldwater, (R-AZ)
John W. Warner, (R-VA)
Gordon J. Humphrey, (R-NH)
William S. Cohen, (R-ME)
Roger W. Jepsen, (R-IA)
Dan Quayle, (R-IN)
John P. East, (R-NC)
Pete Wilson, (R-CA)
John C. Stennis, (D-MS)
Sam Nunn, (D-GA)
Gary Hart, (D-CO)
J. James Exon, (D-NE)
Carl M. Levin, (D-MI)
Edward M. Kennedy, (D-MA)
Jeff Bingaman, (D-NM)

Members of Key Appropriations Subcommittees

HOUSE

Subcommittee on Defense

Joseph P. Addabbo, (D-NY), Chairman

Bill Chappell, Jr., (D-FL)
John P. Murtha, (D-PA)
Norman D. Dicks, (D-WA)
Charles Wilson, (D-TX)
W. G. (Bill) Hefner, (D-NC)
Jack Hightower, (D-TX)
Les AuCoin, (D-OR)
Jack Edwards, (R-AL)
J. Kenneth Robinson, (R-VA)
Joseph M. McDade, (R-PA)
C.W. Bill Young, (R-FL)

Subcommittee on Military Construction

W. G. (Bill) Hefner, (D-NC), Chairman

Tom Bevill, (D-AL)
Clarence D. Long, (D-MD)
Bill Alexander, (D-AR)
Joseph P. Addabbo, (D-NY)
Bill Chappell, Jr., (D-FL)
Norman D. Dicks, (D-WA)
Vic Fazio, (D-CA)

Ralph Regula, (R-OH)
Mickey Edwards, (R-OK)
Tom Loeffler, (R-TX)
Bob Livingston, (R-LA)

Subcommittee on Energy and Water Development

Tom Bevill, (D-AL), Chairman

Lindy (Mrs. Hale) Boggs, (D-LA)
Bill Chappell, Jr., (D-FL)
Vic Fazio, (D-CA)
Wes Watkins, (D-OK)
Bill Boner, (D-TN)

John T. Myers, (R-IN)
Virginia Smith, (R-NE)
Eldon Rudd, (R-AZ)

Subcommittee on HUD—Independent Agencies

Edward P. Boland, (D-MA), Chairman

Bob Traxler, (D-MI)
Louis Stokes, (D-OH)
Lindy (Mrs. Hale) Boggs, (D-LA)
Martin Olav Sabo, (D-MN)
Bill Boner, (D-TN)

Bill Green, (R-NY)
Lawrence Coughlin, (R-PA)
Jerry Lewis, (R-CA)

SENATE

Subcommittee on Defense

Ted Stevens, (R-AK), Chairman

Lowell P. Weicker, (R-CT)
Jake Garn, (R-UT)
James A. McClure, (R-ID)
Mark Andrews, (R-ND)
Bob Kasten, (R-WI)
Alfonse M. D'Amato, (R-NY)
Warren Rudman, (R-NH)
Thad Cochran, (R-MS)

John C. Stennis, (D-MS)
William Proxmire, (D-WI)
Daniel K. Inouye, (D-HI)
Ernest F. Hollings, (D-SC)
Thomas F. Eagleton, (D-MO)
Lawton Chiles, (D-FL)
J. Bennett Johnston, (D-LA)
Walter D. Huddleston, (D-KY)

Subcommittee on Military Construction

Mack Mattingly, (R-GA), Chairman

Paul Laxalt, (R-NV)
Jake Garn, (R-UT)

Jim Sasser, (D-TN)
Daniel K. Inouye, (D-HI)

Subcommittee on Energy and Water Development (Public Works)

Mark O. Hatfield, (R-OR), Chairman

James A. McClure, (R-ID)
Jake Garn, (R-UT)
Thad Cochran, (R-MS)
James Abdnor, (R-SD)
Bob Kasten, (R-WI)
Mack Mattingly, (R-GA)
Pete V. Domenici, (R-NM)

J. Bennett Johnston, (D-LA)
John C. Stennis, (D-MS)
Robert C. Byrd, (D-WV)
Ernest F. Hollings, (D-SC)
Walter D. Huddleston, (D-KY)
Quentin Burdick, (D-ND)
Jim Sasser, (D-TN)

Subcommittee on HUD—Independent Agencies

Jake Garn, (R-UT), Chairman

Lowell P. Weicker, (R-CT)
Paul Laxalt, (R-NV)
Alfonse M. D'Amato, (R-NY)
James Abdnor, (R-SD)
Pete V. Domenici, (R-NM)

Walter D. Huddleston, (D-KY)
John C. Stennis, (D-MS)
William Proxmire, (D-WI)
Patrick J. Leahy, (D-VT)
Jim Sasser, (D-TN)

Selected Bibliography

Following is an annotated listing of major sources used in preparing this guide. In addition to the works listed here, other items, including official budget documents, major periodicals and general references—many of which were quite valuable—are listed in Key Sources for Defense Budget Research, which appears on pages 79-82.

Gordon Adams, *The Iron Triangle*, Council On Economic Priorities, 1981.

The Iron Triangle is a rigorous and systematic look at eight of the largest defense contractors. The book examines the complex interconnections among the contractors, the Defense Department, and the Congress.

Les Aspin, "The Defense Budget and Foreign Policy: The Role of Congress," *in Arms, Defense Policy, and Arms Control, Daedalus*, Summer 1975.

A Member's-eye view of the defense budget process from the Wisconsin Representative, now Chairman of the House Armed Services Subcommittee on Military Personnel and Compensation.

Norman R. Augustine, *Augustine's Laws*, American Institute of Aeronautics and Astronautics, 1982.

Norman Augustine, the book's author, is a former Under Secretary of the Army and is now President of Martin-Marietta and Chairman of the Defense Science Board. His book is a data-packed, engagingly-written discussion of major problems with defense decision-making and weapons procurement.

Nancy J. Bearg and Edwin A. Deagle, Jr., "Congress and the Defense Budget," *in* John E. Endicott and Roy W. Stafford, Jr., eds., *American Defense Policy* The Johns Hopkins University Press, 1977. American Defense Policy.

Written by two former Congressional Budget Office staffers, the article examines the role of Congress in defense budget-making and finds that role inadequate.

John M. Collins, *U.S. Defense Planning: A Critique*, Congressional Research Service, 1982.

A systematic and data-filled discussion of defense planning, including the early stages of the Planning-Programming-Budgeting System. Collins is a senior specialist for the Congressional Research Service.

Cecil V. Crabb, Jr. and Pat M. Holt, *Invitation to Struggle: Congress, The President and Foreign Policy*, Congressional Quarterly Press, 1980.

An overview of the changing role of Congress vis-à-vis the President in national security and foreign policy decisionmaking.

Defense Science Board, *Report of the Acquisition Cycle Task Force, 1978.*

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Abbreviations

BA	Budget Authority
CAIG	Cost Analysis Improvements Group
CBO	Congressional Budget Office
CIA	Central Intelligence Agency
DG	Defense Guidance
DoD	Department of Defense
DOE	Department of Energy
DRB	Defense Resources Board
DSARC	Defense Systems Acquisition Review Council
FY	Fiscal Year
FYDP	Five Year Defense Plan
GAO	General Accounting Office
GNP	Gross National Product
JCS	Joint Chiefs of Staff
JMSNS	Justification for Major System New Start
JPAM	Joint Program Assessment Memorandum
JSPD	Joint Strategic Planning Document
MLRS	Multiple Launch Rocket System
NATO	North Atlantic Treaty Organization
NSC	National Security Council
O	Outlays
O&M	Operation and Management
OMB	Office of Management and Budget
OSD	Office of Secretary of Defense
PAC	Political Action Committee
PDM	Program Decision Memorandum
POM	Program Objectives Memorandum
PPBS	Planning, Programming, Budgeting System
RDT&E	Research, Development, Test and Evaluation
SAR	Selected Acquisition Reports
TOA	Total Obligational Authority

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